

FIRST CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

Second Session

Begun and held at the City of Manila on Monday, the twenty-seventh day of January, nineteen hundred and forty-seven

[REPUBLIC ACT No. 125]

AN ACT GOVERNING THE USE OF AIR NAVIGATION FACILITIES AND PROVIDING THE PAYMENT OF THE USE THEREOF.

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

SECTION 1. Except, as herein expressly provided, only Government air navigation facilities shall, at reasonable charges to be fixed by the Director of the Bureau of Aeronautics, be open and available for use of duly licensed private or commercial air service operators, under such rules and regulations as may be issued by the Bureau of Aeronautics and approved by the Department Head. Private air navigation facilities shall be used only when the Government does not own any air navigation facility, unless permitted by the Director of the Bureau of Aeronautics, and under such rules and regulations as may be issued by him and approved by the Department Head, and at reasonable charges to be fixed by the Public Service Commission after due hearing.

SEC. 2. (a) The term "Air navigation facility" shall include any airport, emergency landing field, light or other signal structure, radio directional finding facility, radio or other electrical communication facility, and any other structure or facility used as an aid to air navigation.

(b) The term "airport" shall mean any locality, either on water or on land, which is adopted for the landing and taking off of aircraft, or a place used regularly for receiving or discharging passengers or cargo by air.

SEC. 3. "Reasonable charges" are those which insure just and reasonable return on the capital invested, taking into consideration the cost of construction, operation and maintenance, and non-aeronautical revenue of the air navigation facility affected, which shall be uniform.

SEC.4. Charges collected for the use of the Government air navigation facility shall accrue to the general fund of the national, provincial or municipal government financing said facilities: *Provided*, That for a period of five years from the date of the approval of this Act, all charges collected are hereby appropriated for the construction, repair and maintenance of such facilities.

SEC.5. All acts or parts of act inconsistent with the provisions of this Act are hereby repealed.

SEC.6. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

This Act, which originated in the Senate, was finally passed the same on May 22, 1947.

Secretary of the Senate

Finally passed by the House of Representatives on May 22, 1947.

*Secretary of the House
Of Representatives*

Approved:
June 14, 1947

President of the Philippines

FIRST CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

Second Session

Begun and held at the City of Manila on Monday, the twenty-seventh day of January, nineteen hundred and forty-seven

[REPUBLIC ACT No 128]

AN ACT REQUIRING DISTRICT HEALTH OFFICERS
THEIR AUTHORIZED REPRESENTATIVES
TO INSPECT THE SANITARY CONDITION OF
COASTWISE PASSENGER VESSELS CALLING
AT PORTS IN THEIR DISTRICT AND FOR OTHER
PURPOSES.

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

SECTION1. The District Health Officers in the provinces, or their authorized representatives, are hereby required to inspect and investigate the sanitary condition of all coastwise passenger vessels calling at the ports of their respective districts. The District Health Officers are further required to submit a report, every fifteen days, to the Bureau of Health which shall immediately furnish a copy thereof to the Bureau of Customs for purposes of Republic Act Numbered Seventy.

SEC.2. This Act shall take effect upon its approval.

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 21, 1947.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 5, 1947

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

FIRST CONGRESS, OF THE REPUBLIC OF THE PHILIPPINES

Second Session

Begun and held at the City of Manila on Monday, the twenty-seventh
day of January, nineteen hundred and forty-seven
[REPUBLICACT NO. 158]

AN ACT TO AMEND SUBSECTION *(d)*, SECTION
SEVEN OF COMMONWEALTH ACT NUMBERED
ONE HUNDRED AND SIXTY-EIGHT, KNOWN AS
THE "CIVIL AVIATION LAW," AND TO GRANT
LICENSES FOR AIRMEN TO NATIONALS OF
ANY COUNTRY UNDER CERTAIN COINDITIONS.

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

SECTION1. Section seven, subsection *(d)* of Commonwealth Act Numbered One hundred and sixty-eight is hereby amended to read as follows:

*"(d) Ownership of aircraft.-*No person shall engage in air commerce and no aircraft shall be operated or navigated, without having been granted a license or permit therefor issued in accordance with the provisions of this Act. Except as may be necessary in the operation of an international air service, no permit shall be issued for the operation of any aircraft in air commerce that is registered under the laws of any foreign country, or any aircraft that is not absolutely owned and exclusively controlled by:

"(1) A citizen or citizens of the Philippines; or
"(2) A partnership or other joint 'enterprise of which.

each member is a citizen of the Philippines; or

"(3) A corporation organized under the laws of the Philippines, of which the directing head and at least two thirds of the directors and managing officers are citizens of the Philippines; and of which at least sixty-six and two thirds percent of the voting interest of the corporation is owned absolutely and controlled exclusively by citizens of the Philippines; or

" (4) The Government of the Philippines or a political subdivision thereof.

"Provided, however, That with the approval of the President of the Philippines, the Secretary of National Defense, upon the recommendation of the Director of Aeronautics, may allow the registration and issue permits for the operation of aircrafts owned by any person, corporation, or association for personal use only to Filipino citizens and to aliens whose countries allow reciprocal privilege to Filipino nationals."

SEC.2. Any provision of existing law to the contrary notwithstanding, with the approval of the President of the Philippines, the Secretary of National Defense may grant for a period of five years from the approval of this Act, licenses for airmen, to Filipino citizens and to aliens whose countries allow reciprocal privilege to Filipino nationals: *Provided, however,* That such licenses shall only, be granted to said aliens who have resided in the Philippines for at least three months: *Provided, further,* That during the said period of five years, the number of licensed alien airmen shall be reduced every succeeding year to one-half of the number of licensed alien airmen in the preceding year.

SEC.3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

This Act, which originated in the Senate, was finally passed the same on May 17, 1947.

Secretary of the Senate

Finally passed by the House of Representatives on May 16, 1947.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

FIRST CONGRESS, OF THE REPUBLIC OF THE PHILIPPINES

Third Session

(REPUBLIC ACT No. 224)

AN ACT TO CREATE A PUBLIC CORPORATION TO BE KNOWN AS THE "NATIONAL AIRPORTS CORPORATION", TO DEFINE ITS POWERS AND DUTIES, TO APPROPRIATE THE NECESSARY FUNDS THEREFOR, AND FOR OTHER PURPOSES.

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

SECTION I. There is hereby created a public corporation to be known as the "National Airports Corporation", hereinafter called and designated the Corporation, to serve as an agency of the Republic of the Philippines for the development, administration, operation and management of government owned landing fields in the Philippines.

The said Corporation shall exist for a term of fifty years from the date of the approval of this Act, and shall have its principal place of business at Nichols Field, Municipality of Paranaque, Province of Rizal.

SEC. 2. The "National Airports Corporation" shall have the following objects:

a) To take over the use, management, operation, maintenance, development, control, regulation and policing of Nichols Field as a public airport for national and international air traffic, and of all other government airfields, except those controlled and/or operated by the Armed Forces of the Republic, and of any other airfields which it may acquire or construct;

b) To plan, design, equip, expand, improve, repair, alter, or construct these airports or any navigation facilities appurtenant thereto with a view to providing the public with an efficient and modern air transportation service;

c) To assist in the development and utilization of the air potential of the Philippines, and in the encouragement and promotion of civil aeronautics.

SEC. 3. The said Corporation shall be subject to the provisions of the Corporation Law in so far as they are not inconsistent with the provision this Act, or the purposes for which the Corporation is formed, and it shall enjoy the general powers mentioned in said corporation Law in addition to the following powers:

a) To enter into, make and execute contracts of any kind as may be necessary or incidental to the attainment of its objects, with any person, firm, or public or private corporation or entity, or, subject to the approval of the President, with any foreign government;

b) To acquire, hold, purchase, or lease any personal or real property, rights of way, and easements which may be proper or necessary for the furtherance of the purposes of the corporation;

c) To exercise the right of eminent domain for the purposes for which it was created, in the manner provided by law for condemnation proceedings by the national, provincial and municipal governments;

d) To sell, pledge, mortgage, alienate or otherwise dispose of any property, or interest therein, or part thereof, whenever in the judgment of the Board of Directors said property, or interest therein, or part thereof, is no longer needed or required for the purposes for which the corporation is formed; or to lease the same when the lease thereof for any purpose shall not interfere with the main use or the airport; provided, however, That no real property of whatever ,value, nor fixed installations of any kind having a book value of one hundred thousand pesos or over, may be sold or otherwise disposed OR by the Corporation without the approval of the President of the Philippines

e) To contract loans, to issue bonds and other obligations as security therefor: Provided, however, That at no time shall bonded indebtedness of the corporation exceed ten million pesos. In order that the corporation may validly issue bonds, the resolution of the Board of Directors authorizing the issuance thereof shall state the purpose and the terms and conditions or the bonds, which resolution shall be subject to the approval of the President of the Philippines upon recommendation of the

Secretary of Finance. All bonds issued by the Corporation shall be exempt from taxation by the Republic of the Philippines or by any political Subdivision thereof, and shall be receivable as security in any transaction with the Government of the Republic of the Philippines in which security is required. As security for any and all loans which it may contract, the Corporation is authorized to mortgage any and all airfields, installations and equipment which it has or may control.

f) With the exception only of the amounts to be charged as landing fees, parking-space fees for transient aircraft, and royalties on sales or deliveries, direct or indirect, to an aircraft for its use of aviation gasoline, oil and lubricants, spare parts, accessories and supplies which shall be subject to the approval of the Civil Aeronautics Board, the Corporation shall have authority to determine, impose, collect and receive all charges, tolls, royalties, fees or rentals for the use of any of the property under its management and control; and to prescribe the terms and conditions under which such property may be used. As used in this section:

(1) "Landing fees" refer to all charges for the use of any landing strip or runaway by any aircraft landing or taking off at the airport;

(2) "Terminal fees" refer to all charges for parking at or near the ramp, terminal area or building for purposes of loading or unloading passengers and/or cargo;

(3) "Transient aircraft" refer to all those which do

(4) "Royalties" refer to all charges based on gross business or sales, or gross or net profit.

(5) "Supplies" include any and all items of whatever nature or description which may be necessary for, or incidental to, the operation of an aircraft.

(g) To grant to any person, firm or company such concession or concession rights as may be necessary or convenient to the airports upon such terms and conditions as the corporation may deem proper: Provided, however That the exclusive use of any landing strip or runaway within any airport shall not be granted to any person, firm, or corporation.

(h) To determine the types of aircraft that may be allowed to use the airports and to limit their use to

certain types of aircraft only, in the interest of public safety;

(i) To prescribe, adopt, establish and enforce such rules and regulations, consistent with existing laws, rules and regulations, as may be necessary for the safety, health, and welfare of the public within the airport;

(j) In general, to do everything, directly or indirectly, necessary or incidental to, or in furtherance of, the purposes of the corporation; and the enumeration of the specific powers herein granted shall not be construed as a limitation upon the general and incidental powers of the corporation;

(k) In the transaction of its business, to perform all acts which a copartnership or natural person is authorized to perform under the laws existing or which may be enacted hereafter.

SEC. 4. The governing body of the Corporation shall to be appointed by the President of the Philippines, with the consent of the Commission on Appointments of the Congress of the Philippines. The President of the Philippines shall designate from among the members of the Board a Chairman and a Vice-Chairman who shall act as Chairman during the absence or temporary disability of the former. Of the directors first appointed as above prescribed, the President of the Philippines shall designate one to serve for five years, one to serve for four years, one for three years, one for two years, and one for one year; and thereafter, each director appointed shall serve for four years. Whenever a vacancy occurs among the directors, the person appointed director to fill such vacancy shall hold office for the unexpired portion of the term of the member whose place he is selected to fill. Any director shall be subject to removal by the President of the Philippines. Three members of the Board of Directors shall constitute a quorum for the transaction of business.

Before entering upon the discharge of their duties, each of the directors shall take the oath prescribed in section twenty-three of the Revised Administrative Code and in the Constitution of the Philippines.

The members of the board shall each receive a per diem of not to exceed thirty pesos for each meeting actually attended by them.

Sec. 5. The board shall submit its annual report and balance sheets to the President of the Philippines and to the Congress of the Philippines, as provided in sections five hundred and seventy-four to five hundred seventy-seven of the Revised-Administrative Code.

SEC. 6. The direct and active management of the affairs and business of the Corporation shall be performed by the General Manager, subject to the supervision and control of the Board of Directors. The General Manager shall be appointed by the President of the Philippines with the consent of the Commission on Appointments of the Congress of the Philippines; shall be entitled to a compensation to be fixed by the President of the Philippines, and shall hold office at his pleasure.

The General Manager shall, with the approval of the Board of Directors, appoint and fix the number and salaries of such technical and other officers and employees as may be necessary for the performance of the functions and activities of the Corporation; shall sit at all meetings of the Board of Directors and may participate in its deliberations but shall have no right to vote, and shall render and submit such report or reports to the board as may be required of him from time to time.

SEC. 7. The Office of the Administrator of the Manila International Airport, established under the provisions of Executive Order No. 100, dated October 21, 1947, is hereby abolished, and all personnel, records, properties, assets, rights, obligations, liabilities, appropriations and unexpended balances thereof are hereby transferred to, and assumed, by, the "National Airports Corporation". All works, construction and improvements made by the Civil Aeronautics Administration or any agency of the National Government in or upon government airfields, as well as the appropriations or the unexpended balances thereof shall belong to this Corporation.

SEC. 8. All laws, executive orders and rules and regulations governing the operation of aircraft in the Philippines shall be applicable to any aircraft using the landing fields of ,the National Airports Corporation.

SEC. 9. In order to enable the Corporation to carry out its purposes as set forth in this Act, there is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, the sum of one million pesos, which, together with the appropriations and unexpended balances mentioned in Sec. 7 of this Act shall constitute the capital of this Corporation and will be placed at the disposal of the Board of Directors for the attainment of the objectives of the Corporation.

The funds herein appropriated shall not be released unless and until the Secretary of Finance and the Auditor General shall have certified to the President of the Philippines that there are existing and available funds in the National Treasury in excess of the sums appropriated in the General Appropriation Law for the fiscal year ending June thirtieth, nineteen hundred and forty-nine and the priority appropriations established by law.

SEC. 10. All acts or parts of acts and executive orders, administrative orders, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed.

SEC. 11. This Act shall take affect on its approval

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1948.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1948

*Secretary of the House
Of Representatives*

Approved:

June 5, 1948

President of the Philippines

SECOND CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Third Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-two
[REPUBLICACT No. 738]

AN ACT PROVIDING FOR THE TRANSPORTATION
AT GOVERNMENT EXPENSE OF THE MEMBERS
OF THE FAMILY OF AN OFFICER OR EMPLOYEE
OF THE PROVINCIAL, CITY OR MUNICIPAL
GOVERNMENT, WHO IS TRANSFERRED FROM
ONE STATION TO ANOTHER.

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

SECTION1. Whenever, due to the requirement of the service and not at his own request, an officer or employee of the provincial, city or municipal government is transferred from one station to another, said officer or employee and his wife or her husband and children below twenty-one years of age shall be entitled to transportation, including that of their baggage and household effects, at the expense of the province, city or municipality to which such officer or employee is transferred, to be paid from the appropriation for travelling expenses of the office to which he or she is appointed.

SEC. 2. Section three hundred and five of the Revised Administrative Code and all other acts or parts of acts which are inconsistent with the provisions of this Act are hereby repealed.

SEC.3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 21, 1952.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 18, 1950.

*Secretary of the House
Of Representatives*

Approved:
June 18, 1952

President of the Philippines

SECOND CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Third Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-two

[REPUBLIC ACT No.759]

AN ACT AUTHORIZING THE TRANSFER TO THE
PHILIPPINE AIR LINES, INC., OF THE FRANCHISE
OF THE ILOILO-NEGROS AIR EXPRESS
COMPANY, INC., LATER KNOWN AS FAR EASTERN
AIR TRANSPORT, INC., TO OPERATE AN
AERIAL TRANSPORTATION SERVICE IN THE
PHILIPPINES.

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

SECTION 1. The transfer to the Philippine Air Lines, Inc., of the franchise of the Iloilo-Negros Air Express Company, Inc., later known as Far Eastern Air Transport, Inc., granted under Act Numbered Forty-two hundred and seventy-two, to operate an aerial transportation service in the Philippines, is authorized. The Philippine Air Lines, Inc. shall therefore be subject to the provisions of said Act and its amendments under section one thereof, insofar as the franchise is concerned.

SEC. 2. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 22, 1952.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 22, 1952.

*Secretary of the House
Of Representatives*

Approved:
June 18, 1952

President of the Philippines

SECOND CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Fourth Session

Begun and held in the City of Manila on Monday, the twenty-sixth day of January, nineteen hundred and fifty-three

[REPUBLICACT No. 866]

AN ACT GRANTING TO A. L. AMMEN TRANSPORTATION
COMPANY, INCORPORATED, AND/OR ITS
ASSOCIATES AND SUBSIDIARIES, A TEMPORARY
PERMIT TO CONSTRUCT, INSTALL, ESTABLISH
AND OPERATE PRIVATE FIXED POINT TO-
POINT AND LAND-BASED RADIO STATIONS
FOR THE RECEPTION AND TRANSMISSION
OF INTER-OFFICE RADIO COMMUNICATIONS
WITHIN THE PHILIPPINES.

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

SECTION1. There is hereby granted to A. L. Ammen Transportation Company, Incorporated, and/or its associates and subsidiaries, successors or assigns, a temporary permit to construct, install, establish and operate in the Philippines and at such places as the said company may select, subject to the approval of the Department Secretary under whose jurisdiction the Radio Control Division is functioning, or any competent authority who is or shall be authorized, to give said approval, private fixed point-to-point and land-based radio stations for the reception and transmission of wireless messages on radiotelephony, each station to consist of two radio apparatus, comprising of a receiving and a sending radio apparatus.

SEC. 2. The President of the Philippines shall have the power and authority to permit the location of said private fixed point-to-point and land-based radio stations or any of them on the public domain upon such terms as he may prescribe.

SEC. 3. This temporary permit shall continue to be in force during the time that the Government has not established similar service at the places selected by the grantee.

SEC. 4. The A. L. Ammen Transportation Company, Incorporated, shall not engage in domestic business of telecommunications in the Philippines without further special assent of the Congress of the Philippines, it being understood that the purpose of this temporary permit is to secure to the grantee the right to construct, install, establish and operate private fixed point-to-point and land-based radio stations in places within the Philippines as the interest of the company and its trade and business may justify.

SEC. 5. A special right is hereby reserved to the President of the Philippines in time of war, insurrection, public peril, calamity, or disturbance of peace or order, to cause the closing of the stations or to authorize the temporary use or possession thereof by any department of the Government upon just compensation.

SEC. 6. No fees shall be charged by the grantee as the radio stations that may be established by virtue of this Act shall engage in communications regarding the grantee's business only.

SEC. 7. The grantee, its associates and subsidiaries, successors or assigns, shall hold the National, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons caused by the construction or

operation of the stations for reception and transmission of wireless messages by the grantee, its associates and subsidiaries, successors or assigns.

SEC. 8. The grantee, its associates and subsidiaries, successors or assigns, shall so construct and operate its radio stations as not to interfere with the operation of other radio stations maintained and operated in the Philippines.

SEC. 9. The grantee, its associates and subsidiaries, successor's or assigns, shall be subject to the Corporation Law of the Philippines now existing or which may hereafter be enacted.

SEC. 10. The grantee, its associates and subsidiaries, successors or assigns, is hereby authorized to operate its private stations on commercial frequencies that may be assigned to it by the licensing authority.

SEC. 11. This temporary permit shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean as an exclusive grant of the privilege herein provided for.

SEC. 12. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 15, 1953.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 15, 1952.

*Secretary of the House
Of Representatives*

Approved:
June 16, 1953

President of the Philippines

SECOND CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Fourth Session

Begun and held in the City of Manila on Monday, the twenty-sixth day of January, nineteen hundred and fifty-three

[REPUBLICACT No. 968]

AN ACT TO AMEND SECTION ELEVEN OF ACT
NUMBERED THREE THOUSAND NINE HUNDRED
AND NINETY-TWO, AS AMENDED,
OTHERWISE KNOWN AS THE REVISED MOTOR
VEHICLE LAW.

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

SECTION1. Section eleven of Act Numbered Three thousand nine hundred and ninety-two is hereby amended to read as follows:

"SEC. 11. *Registration fees for part of year.*-If any application for the first registration is made during the first quarter of a calendar year, the total annual fee for that year shall be paid. "If such first application is made during the second quarter of a calendar year, three-fourths of the annual fee for that year shall be paid.

"If such first application is made during the third quarter, one-half of the annual fee shall be paid.

"If during the fourth quarter, one-fourth of the annual fee shall be paid.

"This section shall not be construed to allow quarterly renewals of registration in order to avoid payment of fees in advance for the entire year: *Provided, however,* That owners of motor vehicles dedicated solely to agricultural purposes may register the same monthly for such months when the said motor vehicles are to be actually used."

SEC.2. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 21, 1953.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 18, 1953.

*Secretary of the House
Of Representatives*

Approved:
June 20, 1953

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
First Session

**Begun and held in the City of Manila on Monday, the twenty-fifth
day of January, nineteen hundred and fifty-four**

[REPUBLIC ACT NO. 1059]

AN ACT PROHIBITING THE NAMING OF SITIOS,
BARRIOS, MUNICIPALITIES, CITIES, PROVINCES,
STREETS, HIGHWAYS, AVENUES,
BRIDGES, AND OTHER PUBLIC THOROUGHFARES,
PARKS, PLAZAS, PUBLIC SCHOOLS,
PUBLIC BUILDINGS, PIERS, GOVERNMENT AIRCRAFTS
AND VESSELS, **AND** OTHER PUBLIC
INSTITUTIONS AFTER LIVING PERSONS.

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

SECTION. 1. The naming of sitios, barrios, municipalities, cities, provinces, streets, highways, avenues, bridges, and other public thoroughfares, parks, plazas, public schools, public buildings, piers, government aircrafts and vessels, and other public institutions and places after living persons is hereby prohibited, except when it is a condition in a donation in favor of the government. Any ordinance or resolution adopted contrary to the provisions of this Act shall be null and void.

SEC. 2. The naming of streets, highways, avenues, bridges and public thoroughfares, parks, plazas, sitios, barrios, municipalities, cities, provinces, public schools, public buildings, piers, government aircrafts and vessels, and other public institutions and places after living persons, except those made pursuant to existing Acts of Congress, which are still in effect on the date of the approval of this Act, are hereby declared null and void and the proper authorities are hereby directed to make the corresponding changes within six months after the approval of this Act.

SEC. 3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 18, 1954.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 19, 1954.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
First Session

**Begun and held in the City of Manila on Monday, the twenty-fifth
day of January, nineteen hundred and fifty-four**

[REPUBLIC ACT NO. 1139]

AN ACT TO APPROPRIATE FUNDS TO BEAR THE
EXPENSES OF HOLDING THE SECOND NORTH
PACIFIC REGIONAL AIR NAVIGATION MEETING
AND THE FOURTH SESSION OF THE
FACILITATION OF INTERNATIONAL AIR TRANSPORT
DIVISION MEETING TO BE CONVENED
BY THE INTERNATIONAL CIVIL AVIATION
ORGANIZATION AT MANILA IN NINETEEN
HUNDRED AND FIFTY-FIVE.

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

SECTION 1. There is hereby appropriated the sum of one hundred fifty thousand pesos to bear the expenses of holding the Second North Pacific Regional Air Navigation Meeting and the Fourth Session of the Facilitation of Air Transport Division Meeting to be convened by the International Civil Aviation Organization at Manila in nineteen hundred and fifty-five, and such other expenses as shall be necessary to carry into effect the purposes of this Act.

SEC. 2. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 18, 1954.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 6, 1954.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
First Session

**Begun and held in the City of Manila on Monday, the twenty-fifth
day of January, nineteen hundred and fifty-four**

[REPUBLIC ACT NO. 1152]

AN ACT APPROPRIATING THE SUM OF ONE MILLION
ONE HUNDRED ELEVEN THOUSAND
SEVEN HUNDRED FORTY-TWO PESOS FOR THE
MAINTENANCE AND OPERATION OF SIX PATROL
GUNBOATS MEDIUM PROGRAMMED FOR
DELIVERY BY THE UNITED STATES GOVERNMENT
TO THE PHILIPPINE GOVERNMENT
DURING THE YEAR NINETEEN HUNDRED AND
FIFTY-FOUR.

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

SECTION1. There is hereby appropriated out of any funds in the Philippine Treasury not otherwise appropriated an additional sum of one million one hundred eleven thousand seven hundred forty-two pesos for the Philippine Navy for the maintenance and operation of six patrol gunboats medium programmed for delivery by the United States Government to the Philippine Government during the year nineteen hundred fifty-four, as hereunder specified :

SALARIES AND WAGES

1. Pay and allowances of officers and enlisted men; base pay, sea duty pay at ten percent of base pay; rental and commutation of quarters, and commutation and/ or subsistence allowance of officers and enlisted men; longevity pay for officers, additional pay for specialists under section eighty-nine of the National Defense Act, as amended; reenlistment bonus, and clothing allowance of enlisted men: *Provided*, That the basic subsistence allowance shall be paid at the rate of one peso each per day and the additional subsistence allowance shall be paid when on sea duty at the rate of two pesos daily for each officer, one peso for each enlisted man: *Provided, further*, That officer-patients and enlisted men-patients when confined in hospitals and dispensaries shall be paid their subsistence allowance at the rate of two pesos each per day: *And provided, finally*, That the Minimum Wage Law shall be implemented through the grant of salary differential to increase the total compensation of apprentice seamen to one thousand four hundred and forty pesos *per annum* *IWL*, seamen second class to one thousand four hundred and seventy pesos *per annum* and seamen first class to one thousand five hundred pesos *per annum*-- P469,568.00.

SUNDRY EXPENSES

2. Consumption of supplies and materials peculiar to naval operations, to include quartermaster, ordnance, engineering, medical, dental, signal, general stores, fuel, water, lubricants, grease and ship supplies: *Provided*, That Philippine Navy watercrafts shall be used only by military personnel and their immediate dependents, and by government officials and employees on official business: *Provided, further*, That all other persons including guests of such military personnel and their dependents using Philippine Navy watercraft shall pay for such use before the trip at the rate charged by commercial steamship lines: *And provided, finally*, That the limitations herein provided shall not apply to the trips of any organization or agency to extend relief in cases of disasters or calamities P540,174.00

3. For the drydocking and repairs of six patrol gunboats medium..... 102,000.00
Total **P1,111,742.00**

SEC. 2. Any portion of the appropriation herein appropriated remaining unexpended after June thirty, nine hundred fifty-five shall revert to the unappropriated surplus in the National Treasury, and the fund necessary to maintain

and operate the aforementioned six patrol gunboats medium in succeeding fiscal years shall be included in the General Appropriation Acts for said fiscal years.

SEC. 3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1954.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 18, 1954.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
First Session

**Begun and held in the City of Manila on Monday, the twenty-fifth
day of January, nineteen hundred and fifty-four**

[REPUBLIC ACT NO. 1188]

AN ACT CLASSIFYING AS A TRUCK INSTEAD OF
AS AN AUTOMOBILE THE MOTOR VEHICLE
POPULARLY KNOWN AS JEEP, FOR THE PURPOSES
OF THE IMPOSITION AND COLLECTION
OF THE SALES TAX.

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

SECTION1. For purposes of the imposition and collection of the sales tax, the motor vehicle technically denominated "one-fourth ton truck, four by four" and popularly known as the jeep, is hereby classified as a truck, and every original sale, barter, exchange or similar transaction involving the transfer of ownership of, or title to, said motor vehicle shall be subject to the payment of the tax provided for in section one hundred eighty-six of the National Internal Revenue Code, as amended.

SEC. 2. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 19, 1954.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 13, 1954.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

THIRD CONGRESS OF THE REPUBLIC OF THE PHILIPPINES First Session

**Begun and held in the City of Manila on Monday, the twenty-fifth
day of January, nineteen hundred and fifty-five**

[REPUBLIC ACT NO. 1216]

AN ACT TO FURTHER AMEND SECTION ONE OF
ACT NUMBERED THIRTY-FIVE HUNDRED AND
NINETY-TWO, KNOWN AS THE "PORT-WORKS
FUND ACT", AS AMENDED BY COMMONWEALTH
ACT NUMBERED ONE HUNDRED AND
THIRTY, AND TO PROVIDE FOR THE DISBURSEMENT
OF SAID FUNDS SO AS TO EXCLUDE
DISBURSEMENT OF PORT WORKS FUND
FOR THE INVESTIGATION, CONSTRUCTION,
IMPROVEMENT AND MAINTENANCE OF AIR-
PORTS AND LANDING FIELDS.

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

SECTION 1. Section one of Act Numbered Thirty-five hundred and ninety-two, as amended by Commonwealth Act Numbered One hundred and thirty, is hereby further ended to read as follows:

"SECTION 1. All wharfage fees collected from the date on which this act take effect, under the provisions of section fourteen of the Tariff Law of nineteen hundred and nine, shall be deposited in the National Treasury and shall form a special fund to be known as 'Port Works Fund,' which shall be disbursed in accordance with acts of the Congress for the investigation, construction, improvement and maintenance of ports, buoys, lighthouses, and other aids to navigation, including the purchase and maintenance of necessary equipment: *Provided, however,* That fifty *per centum* of the fund so formed is hereby set aside for the necessary expenses of maintenance of ports, buoys, lighthouse, and other aids to navigation belonging to the National Government, including dredging and improvements incidental to such maintenance, to be allotted by the Secretary of Public Works and Communications, with the approval of the President, upon certification by the Secretary of Finance that the necessary funds are available: *Provided, further,* That out of the remaining fifty *per centum* of the fund so formed there is hereby set aside, such sum as may be necessary to reimburse the general fund for the payment of interest charges on account of bonds issued by the National Government for the construction and improvement of ports."

SEC. 2. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 22, 1955.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on April 30, 1954

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Second Session

**Begun and held in the City of Manila on Monday, the seventh
day of July, nineteen hundred and fifty-five**

[REPUBLIC ACT NO. 1407]

**AN ACT TO BE KNOWN AS "THE PHILIPPINE
OVERSEAS SHIPPING ACT OF NINETEEN HUNDRED
AND FIFTY-FIVE."**

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

SECTION 1. *Declaration of policy.* -Shipping commands a transcendental position in the economic development and growth of a nation. One of the urgent needs of the Philippines is a well-balanced Philippine merchant marine (a) sufficient to carry the expanding international trade of the Philippines in time of peace, (b) capable of serving as a naval and military auxiliary in time of war and national emergency, (c) owned and operated under the Philippine flag by citizens of the Philippines, or by associations or corporations organized under the laws of the Philippines, at least sixty per cent of the capital of which is owned by citizens of the Philippines, and (d) composed of the best equipped, safest and most suitable types of modern vessels, and manned with trained and efficient Filipino officers and crew. To attain this objective it is hereby declared to be the policy of the Government of the Philippines: (a) to encourage and assist vessels of Philippine registry engaged in international trade; (b) to foster the development and encourage the maintenance of such a Philippine merchant marine; (c) to provide financial aid and assistance in long-range ship-building program, and at all times, to promote shipping in such other respects as may be required to attract private capital and enterprise to the shipping industry and create a healthy climate to attract private enterprise to invest in the overseas transportation; and (d) to do whatever may be necessary, from time to time, to attain these objectives. The Republic of the Philippines, in common with other maritime nations, recognizes the international character of shipping in foreign trade and existing international practices in maritime transportation, and declares it to be part of its national policy to cooperate with other friendly nations in the maintenance and improvement of such practices.

SEC. 2. In pursuance of the above-declared policy any citizen of the Philippines, or any association or corporation organized under the laws of the Philippines, at least sixty per cent of the capital of which is owned by citizens of the Philippines, engaged or which shall engage exclusively in the overseas shipping business, and in the construction of modern boats for overseas service shall be exempt from the payment of income tax on income derived from his or its shipping business for a period of ten years from the date of approval of this Act, provided that all those who avail themselves of the loan assistance in this Act shall invest all net profits realized during that period in the construction, purchase, or acquisition of additional vessels and equipment and/or in the improvement of its vessels and equipment.

SEC. 3. There is hereby appropriated out of any funds in the National Treasury not otherwise appropriated or from loans which may be contracted either locally or abroad for the purpose, by the National Development Company through an agency of the Philippine Government, for the fiscal year ending June thirty, nineteen hundred and fifty-six, and for each of the four fiscal years thereafter, the sum of twenty million pesos annually for the construction, purchase, or acquisition of ocean-going vessels for the purpose

of resale, lease or charter to persons, associations or corporations referred to in section two of this Act. The fund may also be invested in loans to citizens of the Philippines or to associations or corporations organized under the laws of the Philippines, at least sixty per cent of the capital of which is owned by citizens of the Philippines, for the purpose of financing the construction, purchase, or acquisition and operation by such citizens, associations or corporations of ocean-going vessels.

SEC. 4. The administration and investment of the annual sums appropriated, pursuant to section three of this Act, shall be vested in the National Development Company, which is hereby authorized and empowered to acquire ocean-going vessels for resale upon an irrevocable contract to purchase such vessels; to make from the said sums the loans referred to above; to make or cause to be made studies and investigations of the person or entity applying for the loan of the shipping service to be established; and to determine the advisability of making said loan.

SEC. 5. All loans authorized under this Act shall be upon the security of a preferred mortgage on the vessel for the acquisition of which such loans are made, including its equipment, and the certificate or any other form of authorization for the operation of such vessels and the shipping service of the borrower. All said loans shall be self-liquidating within a period not to exceed twenty years and shall bear interest at the rate of not more than four and one-half per cent *per annum*: *Provided, however*, That such loans shall not exceed seventy-five per cent of the cost of the vessels: *Provided, further*, That such vessels shall be fully insured: *Provided, finally*, That no rights acquired under this Act by the vendee, lessee or charterer of the vessel shall, during the existence of the contractual agreement, be transferred or otherwise encumbered in favor of third parties without the consent of the National Development Company.

SEC. 6. All moneys representing payments of principal and interest on loans made pursuant to this Act shall be considered as special fund to be used exclusively to carry out the provisions of this Act.

SEC. 7. The National Development Company is authorized and empowered to bid for and purchase at any foreclosure or other sale, or otherwise to acquire the vessels, including all other equipment, certificate or authorization for the operation of such vessels, pledged or mortgaged to secure any loan made pursuant to this Act; to pay the purchase price and any costs and expenses incurred in connection therewith from the sums authorized in section three of this Act; to accept title to any vessel, including all its property and equipment, certificate or authorization for its operation, so purchased or acquired in the name of the Government of the Philippines; to lease or charter on bare-boat basis for an amount which, if computed annually, shall not exceed seven per cent of the total cost of such vessel and equipment and for such period as may be deemed necessary or advisable to protect the investment therein; and to sell such vessel and all its property, certificate or authorization for its operation, so acquired, upon such terms and for such consideration as the National Development Company shall determine to be reasonable. The sale of vessels shall be made only to responsible persons who are citizens of the Philippines, or associations or corporations organized under the laws of the Philippines, at least sixty per cent of the capital of which is owned by citizens of the Philippines, who agree to maintain such lines upon such terms of payment and other conditions as may be deemed just and necessary to secure and maintain the service of said lines.

SEC. 8. For the purpose of making the studies and investigations herein provided for, the National Development Company may request and utilize, with the approval of the proper heads of departments, free of charge, such services of national officers and employees and of officers and employees of any government-owned or controlled corporation as are available, and such services shall be considered to have been rendered to the departments, bureaus or offices in which they are employed.

SEC. 9. The National Development Company is empowered to issue the necessary rules and regulations to carry out the provisions and purposes of this Act subject to the limitations imposed in this Act. It shall present to the Congress at the close of each fiscal year a full report of its activities under this Act.

SEC. 10. The President of the Philippines may in time of war and other national emergency, take possession, absolutely or temporarily, for any naval or military purpose, of any and all vessels of Philippine registry. The Government shall pay the person whose vessel has been taken, upon ascertainment by agreement or otherwise, the fair actual value based upon normal conditions at the time of taking the interest of such person in every vessel taken absolutely, or if taken for a limited period, the fair charter value under normal conditions for such period. In case of disagreement, as to such fair value it shall be determined by appraisers, one to be appointed by the National Development Company, one by the person whose vessel has

been taken, and a third by the two so appointed. The finding of such appraisers shall be final and binding upon both parties.

SEC. 11. For the purpose of this Act, an ocean-going vessel of Philippine registry is deemed to be engaged in international trade when it undertakes the carriages of goods and/or passengers from the Philippines to a foreign port, or from a foreign port to either another port or a Philippine port.

SEC. 12. All dollars required by ocean-going vessels of Philippine registry or by operators of ocean-going vessels of Philippine registry for the purchase of vessels, repair and improvement, engines, spare parts, accessories, supplies and other expenses required for the operation of the vessels in foreign ports or in the high seas, when recommended by the National Economic Council, shall be made available by the Central Bank of the Philippines or by any other agency in charge of dollar controls, subject to the rules and regulations of the Central Bank, free of exchange tax, and that all such engines, spare parts, accessories, supplies and materials needed for the repair or construction of vessels shall be exempt from the special import tax: *Provided*, That previous certification by the National Shipyards and Steel Corporation shall be issued to the effect that the above-mentioned vessels, repair and improvement, engines, spare parts, accessories and supplies cannot be furnished by the National Shipyards and Steel Corporation. All dollars acquired or spent by the owners of said vessels shall be properly accounted for to the Central Bank of the Philippines or to any other agency in charge of dollar controls.

SEC.13. All laws, executive orders and regulations, or parts thereof, which are inconsistent with this Act are hereby repealed.

SEC.14. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on August 10, 1955.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on August 10, 1955.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Third Session

**Begun and held in the City of Manila on Monday, the twenty
third day of January, nineteen hundred and fifty-six**

[REPUBLIC ACT NO. 1488]

AN ACT GRANTING THE MONSERRAT TRANSPORTATION,
INC., A TEMPORARY PERMIT TO CONSTRUCT,
MAINTAIN AND OPERATE PRIVATE
FIXED POINT-TO-POINT AND LAND BASED
AND LAND MOBILE RADIO STATIONS FOR THE
RECEPTION AND TRANSMISSION OF RADIO
COMMUNICATIONS' IN THE CITIES OF MANILA,
QUEZON, AND PASAY AND IN THE PROVINCES
OF RIZAL, BULACAN, LAGUNA, AND CAVITE.

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

SECTION1. There is hereby granted to Monserrat Transportation, Inc., its successors or assigns, a temporary permit to construct, maintain and operate in the cities of Manila, Quezon, and Pasay and in the provinces of Rizal, Bulacan, Laguna and Cavite, private fixed point-to-point and land based and land mobile radio stations for the reception and transmission of wireless messages on radiotelegraphy or radio-telephone, each station to be provided with a radio transmitting apparatus and a radio receiving apparatus.

SEC. 2. This temporary permit shall continue to be in force during the time that the Government has not established similar service at the places stated above, and is granted upon the express condition that the same shall be void unless the construction or installation of said stations be begun within one year from the date of the approval of this Act and be completed within two years from said date.

SEC.3. The grantee, its successors or assigns, shall not engage in domestic business of telecommunications in the Philippines, it being understood that the purpose of this temporary permit is to secure to the grantee the right to construct, install, maintain, and operate private fixed point-to-point and land based and land mobile radio stations in such places within the Philippines as the interests of the grantee may justify.

SEC.4. No fees shall be charged by the grantee as the radio stations that may be established by virtue of this Act shall engage in communications regarding the grantee's business only.

SEC.5. The grantee, its successors or assigns, shall so construct and operate its radio stations as not to interfere with the operation of other radio stations maintained and operated in the Philippines.

SEC.6. The grantee, its successors or assigns, shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of its radio stations.

SEC.7. The grantee, its successors or assigns, is authorized to operate its private fixed point-to-point and land based and land mobile radio stations on the medium frequency, high frequency, and very high frequency, that may be assigned to him by the Secretary of Public Works and Communications.

SEC.8. A special right is hereby reserved to the President of the Philippines in time of war, insurrection, public peril, calamity or disaster to cause the closing of the grantee's radio stations or to authorize the temporary use, or possession thereof by any department of the Government upon just compensation.

SEC.9. This temporary permit shall be subject to the amendment, alteration, or repeal by the Congress of the Philippines when public interest so requires, and shall not be interpreted as an exclusive grant of the privilege herein provided for.

SEC. 10. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 14, 1956.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 10, 1956

*Secretary of the House
Of Representatives*

Approved:
June 16, 1956

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Third Session

**Begun and held in the City of Manila on Thursday, the twenty
first day of June, nineteen hundred and fifty-six**

[REPUBLIC ACT NO. 1603]

AN ACT TO AMEND SECTION FOUR, ARTICLE
THREE, CHAPTER ONE, SECTION FIVE, ARTICLE
ONE, CHAPTER TWO, AND SECTIONS
TWELVE AND FOURTEEN, ARTICLE THREE,
CHAPTER TWO, OF ACT NUMBERED THIRTY.
NINE HUNDRED AND NINETY-TWO, OTHER.
WISE KNOWN AS THE MOTOR VEHICLE LAW,
AS AMENDED.

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

SECTION1. Subsection (l) is hereby added to Section four, Article three, Chapter One, of Act Numbered Thirty-nine hundred and ninety-two, as amended, which reads as follows:

"(1) It shall be the duty of the Chief, Motor Vehicles Office and his deputies to require applicants for registration of motor vehicles purchased or acquired from tax-free persons, entities, or agencies in the Philippines to show proof of payment of the sales or compensating tax prescribed in the National Internal Revenue Code on the said motor vehicles, in case of non-payment of the said taxes, the Chief, Motor Vehicles Office, shall have the same powers granted him in section fourteen hereof and shall immediately notify the Collector of Internal Revenue of such non-payment of the said taxes."

SEC. 2. Subsection (l) is hereby added to section five, Article one, Chapter two, of Act Numbered Thirty-nine hundred and ninety-two, as amended, which reads as follows:

"(f) *Report of Purchase or Acquisition of Motor Vehicles.*-Any person who purchases or acquires motor vehicles from tax-free persons, entities, or agencies in the Philippines, 'Shall, within fifteen days from the purchase or acquisition thereof, render a report of his purchase or acquisition of the motor vehicle to the Chief, Motor Vehicles Office, stating the name and address of the person, entity, or agency from whom the motor vehicle was acquired, the date of purchase or acquisition, the manufacturer's serial number and motor number, a brief description of the vehicle, whether or not the sales or compensating tax on the vehicle has already been paid, and such other information as the Chief, Motor Vehicles Office, may require. The Collector of Internal Revenue shall be furnished with a copy of the said report within the same period. Failure to submit the report required in this section shall constitute an offense and shall be punished by a fine of not more than two hundred pesos or an imprisonment of not more than six months or both in the discretion of the court."

SEC. 3. Section twelve, Article three, Chapter two, of Act Numbered Thirty-one hundred and ninety-two is hereby amended to read as follows:

"SEC. 12. *Filing application and issuing certificates.*- Upon receipt of the application for registration, with corresponding fee, the Chief, Motor Vehicles Office, or his deputies shall cause the same to be registered or filed for future reference, and shall issue to the applicant a numbered certificate of

registration for each separate motor vehicle: *Provided*, That in cases where the applicants are common carriers or transportation contractors subject to the fixed and *percentage* taxes established in sections 182 and 192 of the National Internal Revenue Code, no certificate of registration shall be issued to such common carriers or transportation contractors unless they show evidence of payment of the required taxes to which they are liable under the law covering the period up to and including the calendar quarter immediately preceding the date of their application for renewal of registration of their motor vehicles. Evidence of payment may consist of either a tax clearance certificate issued by the Collector of Internal Revenue, if in Manila, or his deputies, if in the provinces; or of the official receipts under which said taxes were paid. Any evidence so presented shall be noted on the certificate of registration by the issuing officer."

SEC.4. Section 14, Article three, Chapter two, of Act Numbered Thirty-nine hundred and ninety-two, as amended, is hereby further amended to read as follows:

"SEC. 14. *Suspension of registration certificates.*-If on inspection as provided under Section four (h) hereof, the Chief, Motor Vehicles Office or his deputies find any motor vehicle to be unsightly, dangerous, overloaded, or capable of causing excessive damage as aforesaid, he may refuse to register the same, or if already registered he may require the number plates to be surrendered to him; and upon seventy-two hours notice to the owner or operator, suspend such registration until the defects of vehicles are corrected. When the record of any particular motor vehicle or of its chauffeur, shows for any twelve months period, more than three warnings to the owner or chauffeur for violations of this Act, or of the Public Service Acts, or more than one conviction by the Courts, the Chief, Motor Vehicles Office may, in his discretion or upon recommendation of the Public Service Commissioner, suspend the certificate of registration and require the surrender of the number plates for a period not to exceed sixty days. "Upon recommendation of the Collector of Internal Revenue, on account of failure or refusal to pay internal revenue taxes, the Chief, Motor Vehicles Office may suspend the certificates of registration of the motor vehicles of common carriers and transportation contractors and require the surrender of the license plates within a period of sixty days. "After two such suspensions, the owner may be refused re-registration of the vehicle concerned for one year. "The action of the Chief, Motor Vehicles Office, or his deputies under this section shall be communicated in writing to the owner of the motor vehicle."

SEC.5. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

This Act, which originated in the Senate, was finally passed the same on July 24, 1956.

Secretary of the Senate

Finally passed by the House of Representatives on July 20, 1956.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

THIRD CONGRESS OF THE REPUBLIC OF THE PHILIPPINES Fourth Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-seven

[REPUBLIC ACT NO. 1883]

AN ACT APPROPRIATING FUNDS AS COMPENSATION
TO THE WIDOWS AND/OR LEGITIMATE
CHILDREN OF GOVERNMENT OFFICERS AND
EMPLOYEES IN THE EXECUTIVE DEPARTMENT
WHO DIED IN THE AIR CRASHES IN
THE PROVINCE OF CEBD AND AT ILIGAN BAY.

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

SECTION1. The widows and/or legitimate children of every officer or employee of the Government in the Executive Department who died as a result of the air crash in the Province of Cebu on March seventeen, nineteen hundred and fifty-seven, and the air crash at Iligan Bay on October three, nineteen hundred and fifty-six, shall be granted compensation equivalent to the salary for two years of their deceased husbands and/or legitimate fathers, the same not to be subject to attachment, levy, execution or any tax whatsoever.

SEC. 2. Such sum as may be necessary to carry out the purposes of this Act is appropriated out of any funds in the National Treasury not otherwise appropriated.

SEC. 3. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 17, 1957.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on
May 21, 1957

*Secretary of the House
Of Representatives*

Approved:
June 22, 1957

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Fourth Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-seven

[REPUBLIC ACT NO. 1909]

THE PHILIPPINE COASTWISE SHIPPING ACT OF
NINETEEN HUNDRED FIFTY-SIX

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

SECTION1. There is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated from the proceeds of the sale of bonds as provided in Republic Act Numbered One thousand, for the fiscal year ending June thirty, nineteen hundred fifty-seven and for each of the four fiscal years thereafter, the sum of twenty million pesos for the purpose of financing the local construction of coastwise vessels or watercrafts of not less than one hundred gross tons.

SEC.2. The administration and investment of the sum appropriated pursuant to section one of this Act and the local construction of coastwise vessels or watercrafts shall be vested in the National Shipyards and Steel Corporation which is hereby authorized and empowered under its charter to engage in the building of ships, vessels, launches, tugs, barges, ferries, scows, liners and other vessels or marine crafts or equipments.

SEC.3. Pursuant to section two of this Act, the National Shipyards and Steel Corporation is authorized and empowered to construct and/or to enter into an irrevocable contract for the construction of vessels and watercrafts of no less than one hundred gross tons with any natural-born citizens of the Philippines, or any government agency, or association or corporation organized under the laws of the Philippines, one hundred per cent of the capital (or sixty-seventy-five per cent) of which is owned by natural-born citizens of the Philippines which is engaged in the coastwise shipping business. *Provided*, That bids first be opened inviting offers for payments in shorter term than twenty years and in larger instalments. If there are two or more desiring to build, preference should be given to those who have made larger investments and contributed more to the growth of the shipping industry in the Philippines.

SEC. 4. All construction, other than of government agencies, authorized under this Act shall be upon the security of a preferred mortgage on the vessel including its equipment and the certificate or any other form of authorization for the operation of such vessel.

SEC. 5. All such funds used for the construction of the vessels or watercrafts herein contemplated shall be self liquidated within a period not to exceed twenty years and shall bear interest at the rate of not more than four and one-half per cent *per annum*: *Provided, however*, That a down payment from owner or operator of not less than twenty per cent of the price of the vessel shall be paid upon the execution of the contract for the construction of such vessels or watercrafts: *Provided, further*, That such vessels shall be fully insured by the owner or operator: *And provided, finally*, That no right secured under this Act by the owner of the vessel shall, during the existence of the contractual agreement, be transferred or encumbered to third parties without the consent of the National Shipyards and Steel Corporation.

SEC. 6. All moneys representing payments of principal and interest on constructions made pursuant to this Act shall be considered as revolving fund to be used exclusively to carry out the provisions of this Act.

SEC.7. The National Shipyards and Steel Corporation is authorized and empowered to bid for and purchase at any foreclosure or the sale, or otherwise to acquire the vessel or watercraft, including all other equipment, certificate or authorization for the operation of such vessel, pledged or mortgaged to secure any construction expenses made pursuant

to this Act, to accept title to any vessel or watercraft including all its property and equipment, certificate or authorization and to sell such vessel or watercraft and all its property, certificate or authorization for its operation, so acquired, upon such terms and for such consideration as the National Shipyards and Steel Corporation shall determine to be reasonable.

SEC. 8. The National Shipyards and Steel Corporation is empowered to issue the necessary rules and regulations to carry out the provisions and purposes of this Act subject to the limitations imposed in this Act.

SEC. 9. All laws, executive orders and regulations, or parts thereof, which are inconsistent with this Act are hereby repealed.

SEC. 10. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 23, 1957.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 23, 1957

*Secretary of the House
Of Representatives*

Approved:
June 22, 1957

President of the Philippines

THIRD CONGRESS OF THE REPUBLIC OF THE PHILIPPINES Fourth Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-seven

[REPUBLIC ACT NO. 1949]

AN ACT GRANTING THE PHILIPPINE RABBIT BUS LINES, A TEMPORARY PERMIT TO CONSTRUCT, INSTALL, ESTABLISH AND OPERATE PRIVATE FIXED POINT-TO-POINT AND LAND BASED RADIO STATIONS FOR THE RECEPTION AND TRANSMISSION OF INTER-OFFICE RADIO COMMUNICATIONS WITHIN THE PHILIPPINES.

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

SECTION 1. There is hereby granted to the Philippine Rabbit Bus Lines a temporary permit to construct, install, establish and operate in the Philippines and at such places as the said company may select subject to the approval of the Department Secretary under whose jurisdiction the Radio Control Division is functioning, or any competent authority who is or shall be authorized to give said approval, private fixed point-to-point and land based radio stations for the reception and transmission of wireless messages on radiotelephony, each station to consist of two radio apparatus comprising of a receiving and a sending radio apparatus.

SEC. 2. The President of the Philippines shall have the power and authority to permit the location of said private fixed point-to-point and land based radio stations or, any of them on the public domain upon such terms as he may prescribe.

SEC. 3. This temporary permit shall continue to be in force during the time that the Government has not established similar service at the places selected by the grantee.

SEC. 4. The Philippine Rabbit Bus Lines shall not engage in domestic business of telecommunications in the Philippines without further special assent of the Congress of the Philippines, it being understood that the purpose of this temporary permit is to secure to the grantee the right to construct, install, establish and operate private fixed point-to-point and land based radio stations in places within the Philippines as the interest of the grantee and its trade and business may justify.

SEC. 5. A special right is hereby reserved to the President of the Philippines in time of war, insurrection, public peril, calamity, or disturbance of peace and order, to cause the closing of the stations or to authorize the temporary use or possession thereof by any department of the Government upon payment of just compensation.

SEC. 6. No fees shall be charged by the grantee as the radio stations that may be established by virtue of this Act shall engage in communications regarding the grantee's business only.

SEC. 7. The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or action arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations for reception and transmission of wireless messages by the grantee.

SEC. 8. The grantee shall so construct and operate its radio stations as not to interfere with the operation of other radio stations maintained and operated in the Philippines.

SEC. 9. The grantee shall be subject to the corporation laws of the Philippines now existing or which may hereafter be enacted.

SEC. 10. The grantee is hereby authorized to operate its private stations on commercial frequencies that may be assigned to it by the licensing authority.

SEC. 11. This temporary permit shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean as an exclusive grant of the privileges herein provided for.

SEC. 12. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 10, 1957.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 23, 1957

*Secretary of the House
Of Representatives*

Approved:
June 22, 1957

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Fourth Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-seven

[REPUBLIC ACT NO. 2001]

AN ACT APPROPRIATING ONE HUNDRED EIGHTY
THOUSAND PESOS FOR THE MAINTENANCE,
FUEL, REPAIR AND REPLACEMENT OF RURAL
HEALTH JEEPS AND OTHER VEHICLES.

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

SECTION 1. The sum of one hundred eighty thousand pesos is hereby appropriated, out of any funds in the National Treasury not otherwise appropriated, for the maintenance, fuel, repair and replacement of rural health jeeps and other vehicles of the rural health personnel: *Provided, however,* That not more than three hundred pesos *per annum* shall be spent for the maintenance and repair of each vehicle herein mentioned.

SEC. 2. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 23, 1957.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 23, 1957

*Secretary of the House
Of Representatives*

Approved:
June 22, 1957

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Fourth Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-seven

[REPUBLIC ACT NO. 2029]

AN ACT GRANTING PHILIPPINE AIR LINES, INC.,
A TEMPORARY PERMIT TO CONSTRUCT, MAIN-
TAIN AND OPERATE COMMERCIAL FIXED
POINT-TO-POINT, COASTAL, AERONAUTICAL,
LAND BASED AND LAND, MOBILE RADIO
STATIONS FOR THE RECEPTION: AND TRANSMIS-
SION OF RADIO COMMUNICATIONS WITHIN THE
PHILIPPINES.

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

SECTION1. There is hereby granted to Philippine Air Lines, Inc., a temporary permit to construct, maintain and operate in the Philippines, at such places where it operates its airline business, subject to the approval of the Secretary of Public Works and Communications, or any licensing authority, commercial fixed point-to-point, coastal, aeronautical, land based and land mobile radio stations for the reception and transmission of wireless messages on radiotelegraphy or radiotelephony, each station to be provided with radio transmitting apparatus and radio receiving apparatus.

SEC. 2. This temporary permit shall continue to be in force during the time that grantee conducts its airline business and operations at the places selected by the grantee, and is granted upon the express condition that the same shall be void unless the construction or installation of said stations is completed within two years from the date of the approval of this Act and be completed within three years from said date.

SEC. 3. The grantee may charge such fees for its services at such rates" as may be approved by the Secretary of Public Works and Communications or any licensing authority.

SEC. 4. The grantee shall file a bond in the amount of fifty thousand pesos to guarantee full compliance and fulfillment of the conditions under which this temporary permit is granted.

SEC. 5. The grantee shall so construct and operate its radio stations as not to interfere with the operation of other radio stations maintained and operated in the Philippines.

SEC. 6. The grant shall hold the national, provincial, city and municipal governments of the Philippines harmless from, all claims, accounts, demands, or actions arising out of accidents or injuries whether to property or to persons, caused by the construction or operation of its radio stations.

SEC. 7. The grantee shall be subject to the corporation laws of the Philippines now existing or which may hereafter be enacted.

SEC. 8. The grantee shall not lease, transfer, grant usufruct of, sell or assign this temporary permit, nor the rights or privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other person, firm, company or corporation organized for the same purpose, without the approval of the Congress of the Philippines first had. Any corporation to which this temporary permit may be sold, transferred, or assigned, shall be subject to the corporation laws of the Philippines now existing or hereafter enacted, and any person, firm, company, corporation or other commercial or legal entity to which this temporary permit is sold, transferred, or assigned shall be subject to

all conditions, terms, restrictions and limitations of this temporary permit as fully and completely and to the same extent as if the temporary permit had been originally granted to the said person, firm, company, corporation or other commercial or legal entity.

SEC.9. The grantee is authorized to operate its commercial fixed point-to-point, coastal, aeronautical, land based and land mobile radio stations in the medium frequency, high frequency, and very high frequency that may be assigned to it by the Secretary of Public Works and Communications or by any licensing authority.

SEC.10. A special right is hereby reserved to the President of the Philippines in time of war, insurrection, public peril, emergency, calamity or disaster to cause the closing of the grantee's radio stations or to authorize the temporary use or possession thereof by any department of the Government, upon payment of just compensation.

SEC. 11. This temporary permit shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted as an exclusive grant of the privilege herein provided for.

SEC. 12. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 23, 1957.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 23, 1957.

*Secretary of the House
Of Representatives*

Approved:
June 22, 1957

President of the Philippines

THIRD CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Fourth Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and fifty-seven

[REPUBLIC ACT NO. 2031]

AN ACT AMENDING SUBSECTION (C), SECTION
FOURTEEN, OF COMMONWEALTH ACT NUMBERED
ONE HUNDRED AND FORTY-SIX, AS
AMENDED, BY REMOVING FROM THE JURISDICTION,
SUPERVISION AND CONTROL OF THE
PUBLIC SERVICE COMMISSION TUGBOATS AND
LIGHTERS.

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

SECTION1. Subsection (c), section fourteen, of Commonwealth Act Numbered One hundred and forty-six, as amended by Commonwealth Act Numbered Four hundred and fifty-four, is further amended to read as follows:

"(c) Vehicles drawn by animals and bancas moved by oar or sail, and tugboats and lighters."

SEC. 2. This Act shall take effect on its approval.

Approved,

President of the Senate

Speaker of the Representatives

This Act, which originated in the Senate, was finally passed the same on February 18, 1957.

Secretary of the Senate

Finally passed by the House of Representatives on May 13, 1957.

*Secretary of the House
Of Representatives*

Approved:
June 14, 1947

President of the Philippines

Fourth CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Second Session

Begun and held in the City of Manila on Monday, the twenty-sixth
day of January, nineteen hundred and fifty-nine

[REPUBLIC ACT NO. 2232]

AN ACT TO REACTIVATE THE INTERNATIONAL
AIR TRANSPORT SERVICES OF THE PHILIPPINE
AIR LINES, INC., AND TO APPROPRIATE
THE NECESSARY FUNDS THEREFOR.

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

SECTION1. *Declaration of policy.*-Because of the peculiar geographical location of the Philippines, it is vital to her security and defense and to the enhancement of her commerce that she should maintain her own international air operations.

The need for a Philippine flag carrier in air commerce is underlined by the current crisis in international relations; which, aside from Berlin and the Middle East, recently found focus in the Far East because of pronouncements made by Soviet Russia that she will expand her economic program in this area. The Philippines particularly, finds herself constantly threatened with the Communist menace due to her proximity with Red China-and with Formosa. Under this context, it is not difficult to visualize the country's instant involvement in case of a "shooting war" between the world's great powers. And that, in case of such an eventuality, the foreign interests now controlling air travel to and from the Philippines will have to suspend their operations; thus isolating, in this respect, the Philippines from the other parts of the world.

Considerations of commerce also dictate that the Philippines maintain her own air lanes in the international field. The demand for air travel from this country to other points of the globe has increased enormously. Reactivation of Philippine air transport services would meet this demand; with resultant profit not to foreign-owned airlines but to the national flag carrier. Furthermore, the build-up in modern long-range aircraft, controlled by Filipino enterprises, would add to the stature and strengthen the position of the Philippines in world commerce and navigation; to say nothing of the training and experience which Filipino pilots, engineers and technicians would obtain in the process.

Today, the conduct of air commerce between the Philippines and other countries is exclusively and completely done with airships flying foreign flags. All benefits, therefore, that accrue to this necessary and tremendously important industry go to foreign interests. In addition, Philippine dollar reserves are unnecessarily depleted by conversion of the foreign carriers' peso earnings into United States dollars, as authorized by the Central Bank of the Philippines.

As a sovereign nation, the Republic of the Philippines, should have her own air routes and traffic rights if she is to exploit the international air-traffic potential. The attainment of this objective on a sound and economic basis requires a national air carrier, whose company should be given all the rights and privileges necessary to insure that it shall have fair and equal opportunities to compete profitably with other airlines for the international trade.

To successfully operate such an air transport system and to adequately cope with the exigencies brought about by modern jet equipment, the national air carrier will require adequate compensation for air-mail services similar to that provided other international airlines by their respective governments. This air-mail compensation assistance will be particularly essential to the national flag carrier during its first five years of reactivated operation. And because the need for such government assistance is greatest at the start of operations (the first two years) gradually diminishing in subsequent years; different rates of compensation at an inverse escalation ratio would be most effective and beneficial. These rates of compensation will be computed on the basis of the per-mile flown on the following Pacific route:

North Central Pacific
Manila, Hongkong, Manila, Tokyo, Honolulu,
San Francisco Los Angeles
With two jet aircraft, four weekly round trip

services can be offered.

Considering the international character of the operation, such rates are established in United States' dollars but will be payable in pesos, as follows:

Calendar Year	Rate in U.S. \$	Total in Pesos
1st year (1961).....	\$0.75	P5,661,552
2nd year (1962)	0.75	5,661,552
3rd year (1963)	0.625	4,717,960
4th year (1964)	0.50	3,774,368
5th year (1965)	0.50	3,774,368
		Total P23,589,800

(NOTES: The rates apply to the scheduled route miles operated. The total amount per year, therefore, will vary from time to time depending on a schedule basis, but may not exceed the total amounts appropriated herein for each year.)

It is, therefore, declared to be the national policy, in the interest of the nation, to reactivate international air transport services. It is likewise declared to be the national policy to adequately compensate the national flag carrier for the carriage of international airmail for the route above indicated, and, for this purpose, an annual appropriation shall be made for the Bureau of Posts, to be paid to the national flag carrier for a period of five years. In order that this national policy may be properly and effectively implemented, it is the sense of Congress that all the instrumentalities of the Government, including the Central Bank of the Philippines, shall lend full support to this undertaking by making available the loan funds and foreign exchange required for the purchase of the latest type of turbine aircraft for use in long-range international operations and for other purposes related to such operations in order that the national flag carrier's services, may, in every way possible, be comparable, if not superior, to those of competing airlines. To this end, it shall be mandatory on the Central Bank to earmark the foreign exchange requirements applied for in pursuance of this national aviation program.

SEC. 2. Experience and events in World War II, Berlin Airlift, Korea and other contemporary disturbances in Europe, Middle East, and Southeast Asia have shown that airline operations performed an important part in any emergency. While airplanes could be acquired on short term basis, pilots, engineers, and other technicians take much longer time to train.

Despite our deficiency of opportunity and equipment, the Filipino pilots, navigators, engineers and other technicians have proven beyond doubt that they are the equal of any group in the world, if given the opportunity. Filipino airline captains, navigators, engineers, and other technicians have already flown international flights across the Pacific to the United States, Japan and Hawaii and to various countries in Europe and Asia. Many of our pilots have been flying for fifteen to twenty years and over fifty Filipino pilots have logged from ten thousand to fifteen thousand flying hours. Presently we have over twenty airline captains who have over fifteen thousand flying hours and who have flown 4-engine aircrafts of the propeller and turbo-prop type, such as the DC-4, DC-6 and Viscount. The transition from turbo-prop (Viscounts) to DC-8 (Jet) is a matter of course.

As in the case of the Viscount, all that was necessary was for the Filipino flight crews to be trained- for two months in England and upon completion of their two months training, our Filipino flight crews flew the Viscounts from London to Manila and thereafter operated the Viscounts to Hongkong and Tokyo. The same procedure was also done in the cases of transition from the DC-3 (Twin-engine) to the DC-4 and DC-6 (4-engines).

Thus there is no doubt that the Filipino airline captains and other technicians can operate safely and satisfactorily, h1 competition with any other airline crews in the world.

In the past it has also been found embarrassing to see our flag airlines operate in foreign countries with foreign crews, not to mention the loss of employment opportunity of our flight crews and technicians and the build-up of our air potential.

Therefore, it is also declared to be the national policy, in the interest of Philippine security, air commerce and international prestige, to fully Filipinize the operations of the Philippine Air Lines, Inc., whenever practicable, and after the expiration of twenty-four months from the resumption of its international flights no alien shall be employed as one of its flight crew, maintenance or service personnel unless he be in its employ on the date of the approval of this Act or whose service shall be necessary to improve its air operations or technical know-how but in the latter case the period of employment shall not exceed six months, in each instance.

SEC. 3. *Appropriation.*-*There* is appropriated the sum of five million six hundred sixty-one thousand five hundred fifty-two pesos for the year nineteen hundred sixty-one; the sum of five million six hundred sixty-one thousand five hundred fifty-two pesos for the year nineteen hundred sixty-two; the sum of four million seven hundred seventeen thousand nine hundred sixty pesos for the year nineteen hundred sixty-three; the sum of three million seven hundred seventy-four thousand three hundred sixty-eight pesos for the year nineteen hundred sixty-four; and the sum of three million seven hundred seventy-four thousand three hundred sixty-eight pesos for the year nineteen hundred sixty-five, out of any funds in the National Treasury not otherwise appropriated, to be paid to Philippine Air Lines, Inc., through the Bureau of Posts, in twelve equal monthly installments each year, as payment for the carriage of international airmail.

SEC. 4. *Effective date.*-*This* Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 21, 1959.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 21, 1959

*Secretary of the House
Of Representatives*

Approved:
June 5, 1959

President of the Philippines

**Fourth CONGRESS
OF THE
REPUBLIC OF THE PHILIPPINES
Second Session**

Begun and held in the City of Manila on Monday, the twenty-sixth
day of January, nineteen hundred and fifty-nine

[REPUBLIC ACT NO. 2263]

AN ACT TO AMEND FURTHER ACT NUMBERED
THIRTY-NINE HUNDRED AND NINETY-TWO,
OTHERWISE KNOWN AS THE REVISED MOTOR
VEHICLES LAW, AS AMENDED.

*Be it enacted by the Senate and House of Representatives
of the Philippines in Congress assembled.'*

SECTION1. Paragraph *(b)* of section five of Act Numbered Thirty-nine hundred ninety-two, otherwise known as the Revised Motor Vehicles Law, as amended, is further amended to read as follows:

"*(b)* Any registration of motor vehicles not renewed on or before the date fixed for different classifications as provided hereunder shall become delinquent and invalid:

1. For hire motor vehicles-on or before the last working day of February
2. Privately owned motor vehicles-on or before the last working day of March
3. All other motor vehicles-on or before the last working day of April

except when the plates of such motor vehicles are returned to the Motor Vehicles Office in Manila, or to the Office of the Motor Vehicle Registrar in the provincial or city agencies of the Motor Vehicles Office on or before the last working day of December of the year of issue."

SEC. 2. Paragraphs *(b)* and *(c)* of section eight of the same Act, as amended, are further amended to read as follows:

"*(b)* Private automobiles with pneumatic rubber tires, an amount based on their respective shipping weight or factory weight as indicated in the following schedule:

1000 kilos or less.....	P75.00
1001 to 1500 kilos.....	100.00
1501 to 2000 kilos.....	135.00
2001 and above.....	180.00

The factory or shipping weight of a private automobile shall be obtained worn the Red Book edited by the National Market Report, Inc., of the United States of America: *Provided*, That in the case of automobiles with altered, changed or rebuilt bodies, the weight as obtained by actual weighing shall be considered the vehicle weight: *Provided, further*, That the increased registration fees herein prescribed shall not apply to jeeps and jeepneys for private use or for hire and the fees thereof shall be those prescribed for them before the approval of this Act.

"The registered passenger capacity of passenger automobiles operated for hire or for private use shall be determined as follows:

"1. For each adult passenger, not less than a horizontal rectangular area, including seat and foot space, 40 cm. wide and 60 cm. long, except in the front seat which shall allow 50 cm. wide for the operator.

"2. For each half-passenger, not less than a horizontal rectangular area, including seat and foot space, 20 cm. wide by 60 cm. long, provided that each continuous row of seats shall not be allowed more than one-half passenger.

"*(c)* Private motor trucks, passenger buses and trailers with pneumatic rubber tires, the sum of five pesos per hundred kilograms of maximum allowable gross weight or fraction thereof."

SEC. 3. Section seventeen of the same Act, as amended, is further amended to read as follows:

"SEC. 17. *Number plate, preparation and issuance of.*

(a) The Chief of the Motor Vehicles Office shall cause number plates to be prepared and issued to owners of motor vehicles and trailers registered under this Act, charging a fee of one peso for each complete plate including the numerals indicating the year of registry: *Provided, however,* That in Case no number plates are available, the Chief of the Motor Vehicles Office or his deputies may issue, without charge, a written permit temporarily authorizing the operation of any motor vehicles with other means of identification: *Provided, further,* That all motor vehicles exempted from payment of registration fees, motor vehicles for hire, and privately owned motor vehicles, shall bear plates so designed and painted with different colors to distinguish one class from the other: *Provided, still further,* That the plates of motor vehicles exempted from payment of registration fees shall be permanently assigned to such motor vehicles during their entire lifetime while exempted from payment of fees: *And provided*" finally, That the owner thereof shall return such plate to the Chief of the Motor Vehicles Office within a period of seven working days after such owner has lost his exemption privilege or has transferred the vehicle to a non-exempt owner.

"(b) In case the design of the number plate is such that the numerals indicating the year of registry are in a detachable tag, the Chief, Motor Vehicles Office or his deputies may, in their discretion, issue the said tag only, for subsequent re-registration, charging a fee of fifty centavos for each tag issued."

SEC.4. Section twenty-four of the same Act, as amended, is further amended to read as follows:

"SEC. 24. *Driver's license, fees, examination.*- Every person who desires personally to operate any motor vehicle shall make application to the Chief, Motor Vehicles Office or his deputies for a license to drive motor vehicles: *Provided, however,* That no person shall be issued a professional chauffeur's license who is suffering from highly contagious diseases, such as, advanced tuberculosis, gonorrhea, syphilis, and the like.

"Each such application except in the case of enlisted men operating Government owned vehicles shall be accompanied by a fee of five pesos, and shall contain such information respecting the applicant and his ability to operate motor vehicles, as may be required by the Chief, Motor Vehicles Office.

"The Chief, Motor Vehicles Office or his deputies shall also ascertain that the applicant's sight and hearing are normal, and may, in their discretion, require a certificate to that effect, signed by a reputable physician.

"An examination or demonstration to show any applicant's ability to operate motor vehicles may also be required in the discretion of the Chief, Motor vehicles Office or his deputies."

SEC. 5. Section thirty-one, article one, Chapter Three of the same Act, as amended, is further amended to read as follows:

"SEC. 31. *Renewal of license.*-Any license not renewed every year on or before the last working day of the month when the applicant was born shall be come delinquent and invalid.

"The fee for renewal of delinquent license shall be five pesos, in addition to the basic fee as hereinabove prescribed.

"Every applicant for renewal of license to operate any motor vehicle shall present to the Chief, Motor Vehicles Office, either in person or by mail or messenger the license issued to the applicant for the previous year, together with the proper fee of five pesos and, in the case of professional chauffeurs, three copies of a readily recognized photograph of the applicant which photograph shall have been taken not exceeding three years prior to the date of application for renewal.

"*Lost license.*-In case the license for the previous year has been lost or cannot be produced, the applicant shall obtain a duplicate on accord with section ten of this Act, on penalty of refusal, by the Chief, Motor Vehicles Office or his deputies to renew the license: *Provided, however,* That the Chief, -Motor Vehicles Office or his deputies may, in their discretion, accept in lieu of the previous year's license, the duly signed and sworn statement of an operator to the effect that he has not operated any motor vehicle in the Philippines during the year or years for which no license was issued in his name.

"The Chief, Motor Vehicles Office and his deputies are hereby authorized to administer the oath in connection with such affidavit."

SEC. 6. This Act shall take effect with respect to car licenses and drivers' licenses for the calendar year nineteen hundred and sixty.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1959.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1959.

*Secretary of the House
Of Representatives*

Approved:
June 20, 1959

President of the Philippines

Fourth Congress
of the
Republic of the Philippines
Second Session

Begun and held in the City of Manila on Monday, the twenty-sixth
day of January, nineteen hundred and fifty-nine

[REPUBLIC ACT NO. 2394]

AN ACT GRANTING JORGE D. BAYONA A FRANCHISE
TO ESTABLISH, MAINTAIN AND OPERATE
A FERRY SERVICE FOR PASSENGERS AND
FREIGHT BETWEEN THE MUNICIPALITY OF
LEGASPI AND THE ISLANDS OF BATAN AND
RAPU-RAPU IN THE PROVINCE OF ALBAY.

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

SECTION1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to Jorge D. Bayona, for a period of fifty years from the approval of this Act, the right, privilege and authority to establish, maintain and operate a ferry service for passengers and freight between the Municipality of Legaspi and the islands of Batan and Rapu-Rapu in the Province of Albay, and to establish a schedule of rates therefor, which shall at all times be subject to regulation by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within ninety days from the date of the approval of this Act, files with the Public Service Commission his acceptance of the terms and conditions stipulated in this Act.

SEC. 2. Within ninety days after the acceptance of the franchise granted hereunder and in accordance with the conditions herein stipulated, the grantee shall put in operation an adequate and efficient ferry service between the municipality and the islands mentioned in the preceding section. The ferryboats operated by the grantee and the equipment thereof shall meet the requirements prescribed by the Public Service Commission, and the grantee shall, whenever the Public Service Commission shall determine that public interest reasonably requires it, change or improve any of said ferryboats or the equipment thereof at his expense.

SEC. 3. The grantee binds himself to provide in his ferryboats a suitable and adequate place for the mails and shall carry them in the manner stipulated between the Postmaster General and the said grantee, for such consideration as may be agreed upon between them, and in case of failure to arrive at an agreement as to the rate of compensation and the manner in which such mails shall be carried, the Public Service Commission shall fix the manner of, and compensation for, carrying said mails, after hearing and considering the arguments of the said Postmaster General and grantee: *Provided*. That in case the Government requires the transportation of troops, ammunition or funds for the public good, the grantee shall take the necessary steps to comply therewith and shall receive a reasonable compensation for such service.

SEC. 4. The books, records and accounts of the grantee shall always be open to the inspection of the Provincial Treasurer of Albay or his authorized representative, and it shall be the duty of the grantee to submit to the Provincial Treasurer quarterly reports in duplicate showing the "gross receipts for passengers and freight for the quarter past and the general condition of the business, one of which shall be forwarded by the Provincial Treasurer to the Auditor General, who shall keep the same on file.

SEC. 5. The grantee shall be liable to pay the same taxes on his real property, buildings and personal property as other persons or corporations are now or hereafter may be required by law to pay. The grantee shall further be liable to pay all other taxes imposable under the National Internal Revenue Code !by reason of this franchise.

SEC. 6. The grantee, with the approval of the Congress of the Philippines first had, may sell, lease, grant, convey, assign, give in usufruct, or transfer this franchise and all property and rights acquired there under to any individual, co-partnership, private, public or quasi-public association, corporation or joint-stock company competent to operate the business hereby authorized, but transfer of title to the franchise or any right of ownership or interest

acquired under such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer shall not be effective, even after such approval shall have been obtained, until there shall have been filed in the office of the Public Service Commission an agreement in writing by which the individual, co-partnership, private, public or quasi public association, corporation or joint-stock company in whose favor such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer is made, shall be firmly bound to comply with all the terms and conditions imposed upon the grantee by this franchise and to accept the same, subject to all existing terms and conditions.

SEC. 7. The Public Service Commission shall have the power, after a reasonable written notice to the grantee and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms and conditions thereof, unless such failure shall have been directly and primarily caused by an act of God, *force majeure*, usurped right, uprising or other cause beyond the grantee's control. Against such declaration of forfeiture by the Public Service Commission, the grantee may apply for the remedies provided in sections thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC. 8. In the event of any competing individual, association of persons, or corporation receiving from the Congress of the Philippines a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage, then such term or terms shall *ipso facto* become a part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individual, association of persons or corporation.

SEC. 9. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent Jorge D. Bayona, his representatives, successors or assigns.

SEC. 10. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privileges herein provided.

SEC. 11. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 12, 1959.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on April 28, 1958.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Fourth Congress
of the
Republic of the Philippines
Third Session

Begun and held in the City of Manila on Monday, the twenty-fifth
day of January, nineteen hundred and sixty

[REPUBLIC ACT NO. 2762]

AN ACT TO CHANGE THE NAME OF DAVAO (SASA)
AIRPORT IN DAVAO CITY TO FRANCISCO BANGOY
AIRPORT IN HONOR OF THE LATE DON
FRANCISCO BANGOY.

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

SECTION1. In recognition of the philanthropic acts of the late Don Francisco Bangoy, the name of Davao (Sasa) Airport in Davao City is hereby changed to Francisco Bangoy Airport.

SEC. 2. This Act shall take effect upon its approval.

Approved,

Enacted without Executive approval, June 19, 1960

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 9, 1960.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on March 16, 1959.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Fifth Congress of the Republic of the Philippines Second Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and sixty-three

[REPUBLIC ACT NO. 3680]

AN ACT CONVERTING THE PRESENT PHILIPPINE
NAUTICAL SCHOOL INTO THE PHILIPPINE
MERCHANT MARINE ACADEMY, CONFERRING
THE DEGREES OF BACHELOR OF SCIENCE IN
MARINE TRANSPORTATION, :MAJOR IN NAVIGATION
AND SEAMANSHIP, AND BACHELOR
OF SCIENCE IN MARINE TRANSPORTATION,
MAJOR IN STEAM ENGINE AND ELECTRICAL
ENGINEERING, PROVIDING FOR A MERCHANT
MARINE ACADEMY BOARD, DEFINING THE
BOARD'S RESPONSIBILITIES AND DUTIES, AND
FOR OTHER PURPOSES.

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

SECTION1. The Philippine Nautical School, located in Pasay City, Philippines, is hereby converted into the Philippine Merchant Marine Academy, which will offer a nautical curriculum leading to the degrees of Bachelor of Science in Marine Transportation, major in navigation and seamanship, and Bachelor of Science in Marine Transportation, major in steam engine and electrical engineering.

SEC. 2. The main purpose of the Philippine Merchant Marine Academy is to produce efficient and well trained merchant marine officers who can favorably compare with marine officers of progressive maritime countries sufficient to carry the expanding international trade in times of peace and capable of serving as a naval and military auxiliary in times of war and national emergency. The secondary purpose is to produce young men well trained in other fields of the merchant marine service, like marine surveyors, port supervisors, shipping office personnel, shipping management and others.

SEC. 3. The head of this institution shall be known as the Superintendent of the Philippine Merchant Marine Academy. He must at least be a master mariner and shall be appointed by the President of the Philippines upon the recommendation of the Philippine Merchant Marine Academy Board. The powers and duties of the Superintendent in addition to those specifically provided for in this Act, shall be those usually pertaining to the office of the president of a college.

SEC. 4. The government of said Academy is hereby vested in the Philippine Merchant Marine Academy Board which shall be composed of the following: the Secretary of Commerce and Industry who shall be *ex officio* chairman of the Board, with a representative of the Philippine Navy, the Chairman of the Board of Marine Inquiry, the Chairman of the Board of Marine Examination for Deck Officers, the Chairman of the Board of Marine Examination for Marine Engineers, the President of the United Harbor Pilots Association of the Philippines, the President of the Filipino Ship owners' Association, the President of the Philippine Marine Officers' Guild, and the Superintendent of the Academy, as members.

Members of the Philippine Merchant Marine Academy Board shall serve without compensation, other than actual and necessary expenses incurred either in attendance upon meetings of the Board or upon official business authorized by a resolution of the Board.

SEC.5. The Philippine Merchant Marine Academy Board shall have the following powers and duties in addition to its general powers of administration:

(a) To confer 'the degree of Bachelor of Science in Marine Transportation, major in navigation and seamanship; and Bachelor of Science in Marine Transportation, major in steam engine and electrical engineering to successful candidates for graduation.

(b) To appoint, upon the recommendation of the Superintendent of the Academy, instructors, professors and other employees of the Academy; to fix their compensation, hours of service and other duties as it may deem proper, to grant to them leaves of absence under existing laws and regulations and to remove them from office for cause after an investigation and hearing and after, in the opinion of the Board, there is just cause for his removal.

(c) To approve the curricula and, rules of discipline drawn up by the Academy Council as. hereunder provided.

(d) To provide fellowships for faculty members, and scholarships to students showing special evidence of merits.

(e) To provide rules for its government, and to enact for the government of the Academy such general ordinances and regulations, not contrary to law, as are consistent with the purpose of the Academy as defined in Section two of this Act.

(f) To receive in trust legacies, gifts, and donations of real and personal property of all kinds and to administer the same for the benefit of the Academy or for aid to any cadets, in accordance with the directions and instructions of the donor, and, in default thereof, in such manner as the Academy Board may, in its discretion, determine.

(g) To receive and appropriate to the ends specified by law such sums as may be provided by law for the support of the college.,

SEC. 6. A *quorum* of the Academy Board shall consist of a majority of all the members. All processes against the Academy Board shall be served on the Superintendent of the Academy or secretary thereof.

SEC. 7. On or before the fifteenth of June of each year, the Academy Board shall file with the President of the Philippines a detailed report, setting forth the progress, condition, and needs of the Academy.

SEC. 8. There shall be an Academy Council consisting of the Superintendent and all instructors and professors of the Academy. The Council shall have the power to prescribe the curricula and rules of discipline, subject to the approval of the Philippine Merchant Marine Academy Board. It shall fix the requirements for admission to the Academy as well as for graduation and the receiving of a degree. The Council alone shall have the power to recommend students or others· to be recipients of degrees. Through the Superintendent it shall have disciplinary power over the students within the limits prescribed by the rules of discipline approved by the Academy Board.

SEC. 9. The body of instructors and professors, of the Academy shall constitute the faculty of the Academy, with the Superintendent of the Academy as the presiding officer. In the appointment of professors or instructors of the Academy, no religious test shall be applied, nor shall the religious opinions or affiliations of the faculty of the Academy be made a matter of examination or inquiry: *Provided, however.* That no instructor or professor in the Academy shall inculcate sectarian tenets in any of the teachings, nor attempt either directly or indirectly; under penalty of dismissal by the Philippine. Merchant Marine Academy Board, to influence students or attendants at the Academy for or against any particular church or religious sect.

SEC. 10. Professors and other regular instructors in the Academy shall be exempt as such from any civil service examinations or regulations as a requisite to appointment.

SEC. 11. The.re shall be a Secretary of the Academy appointed by the Philippine Merchant Marine Academy Board. He shall be the Secretary of the Board as well as the Academy, and shall keep such records of the Academy as may be designated by the Board.

SEC. 12. Graduates of the Philippine Merchant Marine Academy who are holders of a Bachelor of Science degree in Marine Transportation, major in navigation and seamanship, shall be exempted from taking the third mate examination, and those who are holders of a Bachelor of Science degree in Marine Transportation, major in steam engine and electrical engineering, shall be exempted from taking the fourth steam engineers' examination.

SEC.13. In order not to interrupt the smooth functioning of the present four-year nautical curriculum of the Philippine Nautical School, the present Superintendent and faculty, as well as the other personnel, shall be absorbed by the new Academy. Salaries of these personnel shall be adjusted at the discretion of the Academy Board within the limits available for appropriation.

SEC. 14. For carrying out the purposes and provisions of this Act, the sum of eight hundred thousand pesos is hereby appropriated from funds in the National Treasury not otherwise appropriated for the fiscal year nineteen hundred sixty-three to nineteen hundred sixty-four. An additional five hundred thousand pesos is hereby appropriated for the purpose of acquiring a modern steam powered training ship to supplement classroom instructions. Thereafter the amount of three hundred thousand pesos shall be included in the yearly General Appropriation Acts for the maintenance and operation of the Philippine Merchant Marine Academy. The sum herein appropriated shall not be released except

upon certification of the Secretary of Finance and the Auditor General as to the availability of fund in excess of those necessary for the operation of the Government as provided in the annual General Appropriation Act for the fiscal year nineteen hundred sixty-three to nineteen hundred sixty-four.

SEC. 15. Any provisions of existing laws inconsistent with this Act are hereby repealed.

SEC. 16. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 23, 1963.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 15, 1962.

*Secretary of the House
Of Representatives*

Approved:
June 22, 1963

President of the Philippines

**Fifth Congress
of the
Republic of the Philippines
Second Session**

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and sixty-three

[REPUBLIC ACT NO. 3688]

**AN ACT CREATING A BRANCH OFFICE OF THE
MOTOR VEHICLES OFFICE OF THE PROVINCE
OF ILOCOS SUR, WITH PERMANENT STATION
AT THE MUNICIPALITY OF CANDON, AND
AUTHORIZING THE APPROPRIATION OF FUNDS
THEREFOR.**

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

SECTION1. There is hereby created a branch office of the Motor Vehicles Office of the Province of Ilocos Sur, with permanent station at the Municipality of Candon, which shall be under the immediate control and supervision of a deputy motor vehicle registrar to be appointed by the Secretary of Public Works and Communications. The said deputy motor vehicle registrar shall receive the same salary as that provided for by the Wage and Position Classification Office for Motor Vehicle Registrar I and shall be assisted by such other personnel, likewise appointed by the Secretary of Public Works and Communications as may be necessary to carry out the duties appurtenant to the said branch office.

SEC. 2. The sum of fifty thousand pesos, or so much thereof as may be necessary is hereby authorized to be appropriated, out of any funds in the National Treasury not otherwise appropriated, to carry out the purposes of this Act. Thereafter, the necessary sum for the purpose shall be included in the annual General Appropriation Acts.

SEC.3. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 18, 1963.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 14, 1962.

*Secretary of the House
Of Representatives*

Approved:
June 22, 1963

President of the Philippines

**Fifth Congress
of the
Republic of the Philippines
Second Session**

Begun and held in the City of Manila on Monday, the twenty-eighth
day of January, nineteen hundred and sixty-three

[REPUBLIC ACT NO. 3746]

**AN ACT GRANTING DEMETRIO UYVICO A FRANCHISE
TO ESTABLISH, MAINTAIN AND OPERATE
A FERRY SERVICE FOR PASSENGERS AND
FREIGHT BE, TWEEN THE CITY OF TACLOBAN
AND THE MUNICIPALITIES OF CABUCGAYAN,
CAIBIRAN, CULABA, KAWAYAN AND MARIPAPI,
ALL IN THE ISLAND OF BILIRAN, SUBPROVINCE
OF BILIRAN PROVINCE OF LEYTE**

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

SECTION1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to Demetrio Uyvico, for a period of twenty-five years from the approval of this Act the right, privilege and authority to establish, maintain and operate a ferry service for passengers and freight between the City of Tacloban and the municipalities of Cabucgayan, Caibiran, Culaba, Kawayan and Maripipi, all in the Island of Biliran, Subprovince of Biliran, Province of Leyte, and to establish a schedule of rates therefor, which shall at all times be subject to regulation by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within ninety days from the date of the approval of this Act, files with the Public Service Commission his acceptance of the terms and conditions stipulated in this Act.

SEC.2. Within ninety days after the acceptance of the franchise granted hereunder and in accordance with the conditions herein stipulated, the grantee shall put in operation an adequate and efficient ferry service between the city -and the municipalities mentioned in the preceding section. The ferryboats operated by the grantee and the equipment thereof shall meet the requirements prescribed by the Public Service Commission, and the grantee shall, whenever the Public Service Commission shall determine that public interest reasonably requires it, change or improve any of said ferryboats or the equipment thereof at his expense.

SEC.3. The grantee binds himself to provide in his ferryboats a suitable and adequate place for the mails and shall carry them in the manner stipulated between the Postmaster General and the said grantee, for such consideration as may be agreed upon between them, and in case of failure to arrive at an agreement as to the rate of compensation and the manner in which such mails shall be carried, the Public Service Commission shall fix the manner of, and compensation for, carrying said mails, after hearing and considering the arguments of the said Postmaster General and grantee: *Provided*, That in case the Government requires the transportation of troops, ammunition or funds for the public good, the grantee shall receive a reasonable compensation for such service.

SEC.4. The books, records and accounts of the grantee shall always be open to the inspection of the Provincial Treasurer of Leyte or his authorized representatives, and it shall be the duty of the grantee to

submit to the Provincial Treasurer quarterly reports in duplicate showing the gross receipts for passengers and freight for the quarter past and the general condition of the business, one of which shall be forwarded by the Provincial Treasurer to the Auditor General, who shall keep the same on file.

SEC.5. The grantee shall be liable to pay the same taxes on his real property, buildings, and personal property as other persons or corporation are now or hereafter maybe required by law to pay. The grantee shall further be liable to pay all other taxes imposable under the National Internal Revenue Code by reason of this franchise.

SEC.6. The grantee, with the approval of the Congress of the Philippines first had, may sell, lease, grant, convey, assign, give in usufruct, or transfer this franchise and all property and rights acquired there under to any individual, co-partnership, private, public or quasi-public association, corporation or joint-stock company competent to operate the business hereby authorized, but transfer of title to the franchise or any right of ownership or interest acquired under such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer shall not be effective, even after such approval shall have been obtained until there shall have been filed in Public Service Commission an agreement in writing by which the individual, copartnership, private, public or quasi-public association, corporation or joint-stock company in whose favor such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer is made, shall be firmly bound to comply with all the terms and conditions imposed upon the grantee by this franchise and to accept the same, subject to all existing terms and conditions.

SEC.7. The Public Service Commission shall have the power, after a reasonable written notice to the grantee and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms and conditions thereof, unless such failure shall have been directly and primarily caused by an act of God, *force majeure*, usurped right, uprising or other cause beyond the grantee's control. Against such declaration of forfeiture by the Public Service Commission the grantee may apply for the remedies provided in Sections thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC. 8. In the event of any competing individual, association of persons, or corporations receiving from the Congress of the Philippines a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage, then such term or terms shall *ipso facto* become a part of the terms hereof and shall operate equally in favour of the grantee as in the case of said competing individual, association of persons or corporations.

SEC. 9. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent Demetrio Uyvico, his representatives, successors or assigns.

SEC.10. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privileges herein provided.

SEC. 11. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 18, 1963.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 8, 1963.

*Secretary of the House
Of Representatives*

Approved:
June 22, 1963

President of the Philippines

Fifth Congress of the Republic of the Philippines Third Session

Begun and held in the City of Manila on Monday, the twenty-seventh
day of January, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 3946]

AN ACT GRANTING THE LAGUNA TAYABAS BUS COMPANY AND BATANGAS TRANSPORTATION COMPANY A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE PRIVATE FIXED POINT-TO- POINT, PRIVATE COASTAL, AND LANDBASED AND LAND MOBILE RADIO STATIONS FOR THE TRANSMISSION OF WIRELESS MESSAGES TO AND FROM SAID STATIONS.

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

SECTION1. The Laguna Tayabas Bus Company and Batangas Transportation Company are hereby granted a franchise to establish, maintain and operate private fixed point-to-point, private coastal, and land-based and land mobile radio stations in the cities of Manila, Pasay, San Pablo, Lipa, Lucena, Tagaytay and Naga, in the province of Laguna, Quezon, Batangas, Mindoro Oriental and Mindoro Occidental, Camarines Norte and Camarines Sur, and in such places within the Philippines where they operate their business and/or the interest of their trade and business activities may justify, subject to the approval of the Secretary of Public Works and Communications, for the transmission and reception of wireless messages on radiotelegraphy or radiotelephony to and from said stations.

SEC. 2. This franchise shall continue to be in force for a period of twenty-five years and is granted upon the express condition that the same shall be void unless the construction or installation of at least one station be begun within two years from the date of approval of this Act and be completed within four years from said date. The President of the Philippines shall have the power and authority to permit the location of said private fixed point-to-point, private coastal, and land-based and land mobile radio stations on any land of the public domain upon such terms as he may prescribe.

SEC. 3. The grantees shall not engage in domestic business of telecommunications in the Philippines without further special assent of the Congress of the Philippines, it being understood that the purpose of this franchise is to secure to the grantees the right to establish, maintain and operate private fixed point-to-point, private coastal, and land-based and land mobile radio stations at the places hereinabove stated for no other purpose than to promote, protect and subserve the trade and business interests of the grantees.

SEC. 4. No fees shall be charged by the grantees as the radio stations that may be established by virtue of this Act shall engage in communications regarding the grantees business only.

SEC.5. The grantees shall so construct and operate their stations as not to interfere with the operation of other radio stations maintained and operated in the Philippines.

SEC.6. The grantees are authorized to operate their radio stations on the frequency and/or frequencies that may be assigned to them by the Secretary of Public Works and Communications.

SEC. 7. A special right is hereby reserved to the President of the Philippines in time of war, insurrection, public peril, calamity, or disaster to cause the closing of the grantees' radio stations or to authorize the temporary use or possession thereof by any department of the Government, upon payment of just compensation.

SEC. 8. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 9. Whenever in this Act the term "grantees" is used, it shall be held and understood to mean and represent the Laguna Tayabas Bus Company and Batangas Transportation Company, their representatives, successors or assigns.

SEC. 10. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 12, 1964.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1964.

*Secretary of the House
Of Representatives*

Approved:
June 18, 1964

President of the Philippines

**Fifth Congress
of the
Republic of the Philippines
Third Session**

Begun and held in the City of Manila on Monday, the twenty-seventh
day of January, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4010]

**AN ACT CREATING A BRANCH OFFICE OF THE
MOTOR VEHICLES OFFICE IN MOUNTAIN
PROVINCE, WITH PERMANENT STATION AT
THE MUNICIPALITY OF TABUK, AND AUTHORIZING
THE APPROPRIATION OF FUNDS
THEREFOR.**

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

SECTION1. There is hereby created a branch office of the Motor Vehicles Office of Mountain Province with permanent station at the Municipality of Tabuk, which shall be under the immediate control and supervision of a deputy motor vehicles registrar to be appointed by the Secretary of Public Works and Communications. The said deputy motor vehicles registrar shall receive the same salary as that provided for by the Wage and Position Classification Office for motor vehicles registrar I and shall be assisted by such other personnel, likewise appointed by the Secretary of Public Works and Communications, as may be necessary to carry out the duties appurtenant to the said branch office.

SEC. 2. The sum of fifty thousand pesos, or so much thereof as may be necessary, is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated, to carry out the purposes of this Act. Thereafter, the necessary sum for the purpose shall be included in the annual General Appropriations Act.

SEC. 3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 18, 1964.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 5, 1964.

*Secretary of the House
Of Representatives*

Approved:
June 18, 1964

President of the Philippines

Fifth Congress of the Republic of the Philippines Third Session

Begun and held in the City of Manila on Monday, the twenty-seventh
day of January, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4076]

AN ACT GRANTING ROBERT O. PHILLIPS A
FRANCHISE TO ESTABLISH, MAINTAIN AND
OPERATE A HYDROFOIL FERRY SERVICE
WITHIN MANILA BAY INCLUDING WATERS
ALONG CORREGIDOR, BATAAN, CAVITE, ZAMBALES
AND OTHER NEIGHBORING BAY AREAS.

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

SECTION1. Subject to the conditions established in this Act and to the provisions of the Constitution, there is hereby granted to Robert O. Phillips, for a period of twenty-five years from the approval of this Act, the right, privilege and authority to establish, maintain and operate a hydrofoil ferry service for passengers within Manila Bay including the waterways along Corregidor, Bataan, Bulacan, Batangas, Pampanga, Mindoro, Lubang Island, Cavite, Zambales, Iloilo, Bacolod, Ozamiz, Iligan, Cagayan, Pagadian, Cotabato, Zamboanga and Basilan.

SEC. 2. A special right is hereby reserved to the President of the Philippines in time of war, rebellion, public peril, calamity or disaster to authorize the temporary use and operation of the grantee's water transportation facilities by any department of the government upon payment of just compensation.

SEC. 3. In the event of any competing individuals, associations or corporations receiving from the Congress of the Philippines a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage; then such term or terms shall *ipso facto* become a part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individuals, associations, or corporations.

SEC. 4. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent Robert O. Phillips, his representatives, successors or assigns.

SEC. 5. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires.

SEC. 6. The rates to be charged by the grantee shall be subject to the approval of the Public Service commission.

SEC. 7. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 21, 1964.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 21, 1964.

*Secretary of the House
Of Representatives*

Approved:
June 18, 1964

President of the Philippines

**Fifth Congress
of the
Republic of the Philippines
Third Session**

Begun and held in the City of Manila on Monday, the twenty-seventh
day of January, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4136]

**AN ACT TO COMPILE THE LAWS RELATIVE TO
LAND TRANSPORTATION AND TRAFFIC RULES,
TO CREATE A LAND TRANSPORTATION COMMISSION
AND FOR OTHER PURPOSES.**

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

CHAPTER I.-PRELIMINARY PROVISIONS ARTICLE

ARTICLE I.-Title and Scope of Act

SECTION 1. Title of Act.-This Act shall be known as The "Land Transportation and Traffic Code."

SEC. 2. Scope of Act.-The provisions of this Act shall control, as far as they apply, the registration and operation of motor vehicles and the licensing of owners, dealers, conductors, drivers, and similar matters.

ARTICLE II.-Definitions

SEC. 3. Words and phrases defined.-As used in this Act:

(a) "Motor Vehicle" shall mean any vehicle propelled by any power other than muscular power using the public highways, but excepting road rollers, trolley cars, street-sweepers, 'sprinklers, lawn mowers, bulldozers, graders, fork-lifts, amphibian trucks, and cranes if not used on public highways, vehicles which run only on rails or tracks, and tractors, trailers and traction engines of all kinds used exclusively for agricultural purposes.

Trailers having any number of wheels, when propelled or intended to be propelled by attachment to a motor vehicle, shall be classified as separate motor vehicle with no power rating.

(b) "Passenger automobiles" shall mean all pneumatic tire vehicles of types similar to those usually known under the following terms: touring car, command car, speedster, Sports car, roadster, jeep, cycle car (except motor wheel and similar small outfits which are classified with motorcyles), cope, landaulet, closed car, limousine, cabriolet, and sedan.

Motor vehicles with changed or rebuilt bodies, such as jeepneys, jitneys, or station wagons, using a chassis of the usual pneumatic-tire passenger automobile type, shall also be classified as passenger automobile, if their net allowable carrying capacity, as determined by the Commissioner of Land Transportation, does not exceed nine passengers and if they are not used primarily for carrying freight or merchandise.

The distinction between "passenger truck" and "passenger automobile" shall be that of common usage: *Provided*, That a motor vehicle registered for more than nine passengers shall be classified as "truck": *And provided, further*, That a "truck with seating compartments at the back not used for hire shall be registered under special "S"

classifications. In case of dispute, the Commissioner of Land Transportation shall determine the classification to which any special type of motor vehicle belongs.

(c) "Articulated vehicle" shall mean any motor vehicle with a trailer having no front axle and so attached that part of the trailer rests upon the motor vehicle and a substantial part of the weight of the trailer and of its load is borne by the motor vehicle. Such a trailer shall be called as "semi-trailer."

(d) "Driver" shall mean every and any licensed operator of a motor vehicle.

(e) "Professional driver" shall mean every and any driver hired or paid for driving or operating a motor vehicle, whether for private use or for hire to the public. Any person driving his own motor vehicle for hire is a professional driver.

(f) "Owner" shall mean the actual legal owner of a motor vehicle, in whose name such vehicle is duly registered with the Land Transportation Commission. The "owner" of a government-owned motor vehicle is the head of the office or the chief of the Bureau to which the said motor vehicle belongs.

(g) "Dealer" shall mean every person, association, partnership, or corporation making, manufacturing, constructing, assembling, remodeling, rebuilding, or setting up motor vehicles; and every such entity acting as agent for the sale of one or more makes, styles, or kinds of motor vehicles, dealing in motor vehicles, keeping the same in stock or selling same or handling with a view to trading same.

(h) "Garage" shall mean any building in which two or more motor vehicles, either with or without drivers, are kept ready for hire to the public, but shall not include street stands, public service stations, or other public places designated by proper authority as parking spaces for motor vehicles for hire while awaiting or soliciting business.

(i) "Gross weight" shall mean the measured weight of a motor vehicle plus the maximum allowable carrying capacity in merchandise, freight and/or passengers, as determined by the Commissioner of Land Transportation.

(j) "Highways" shall mean every public thoroughfare, public boulevard, driveway, avenue, park, alley and *callejon*, but shall not include roadway upon grounds owned by private persons, colleges, universities, or other similar institutions.

(k) "The Commissioner of Land Transportation or his deputies" shall mean the actual or acting chief of the Land Transportation Commission or such representatives, deputies, or assistants as he may, with the approval of the Secretary of Public Works and Communications, appoint or designate in writing for the purpose contemplated by this Act.

(l) "Parking or parked", for the purposes of this Act, shall mean that a motor vehicle is "parked" or "parking" if it has been brought to a stop on the shoulder or proper edge of a highway, and remains inactive in that place or close thereto for an appreciable period of time. A motor vehicle which properly stops merely to discharge a passenger or to take in a waiting passenger, or to load or unload a small quantity of freight with reasonable dispatch shall not be considered as "parked", if the motor vehicle again moves away without delay.

(m) "Tourist" shall mean a foreigner who travels from place to place for pleasure or culture.

ARTICLE III-Administration of Act

SEC. 4. *Creation of the Commission.*-(a) There is created under the Department of Public Works and Communications an office which shall be designated and known as the Land Transportation Commission, composed of one Commissioner and one Deputy Commissioner, who shall be vested with the powers and duties hereafter specified. Whenever the word "Commission" is used in this Act, it shall be deemed to mean the Land Transportation Commission, and whenever the word "Commissioner" is used in this Act, it shall be taken to mean the Commissioner or Deputy Commissioner.

The Commissioner and the Deputy Commissioner shall be natural-born citizens and residents of the Philippines, and they shall be appointed by the President of the Philippines, with the consent of the Commission on Appointments of the Congress of the Philippines: *Provided, however,* That the present Administrator, Assistant Administrator and the personnel of the Motor Vehicles Office shall continue in office without the necessity of reappointment.

(b) The Commissioner and Deputy Commissioner shall hold office until removed in accordance with the provisions of the Revised Administrative Code.

(c) The Commissioner shall receive an annual compensation of twelve thousand pesos and the Deputy Commissioner, an annual compensation of ten thousand four hundred pesos. The Commissioner shall be assisted by one head executive assistant (MV regulation adviser or chief), one administrative officer, one registration regulation chief, one inspection, examination and licensing regulation chief, one law and traffic enforcement regulation chief, one provincial regulation chief, one utility and property regulation chief, one accounting officer, one internal chief auditor, and one personnel officer, who shall receive an annual compensation of nine thousand pesos each; eight land transportation regional directors who shall receive an annual compensation of eight thousand four hundred pesos each and eight land transportation assistant regional directors, who shall receive an annual compensation of seven thousand pesos each and ten assistant regulation chiefs, who shall receive an annual compensation of seven thousand pesos each.

(d) The Commission shall have its offices in Quezon City where the present Motor Vehicles Office is located, and shall establish a regional branch office each in Tuguegarao (Cagayan), Baguio City, Pasig (Rizal), Lipa City, San Fernando (La Union), Naga City, Cebu City, Iloilo City, Cagayan de Oro City, and Davao City, to be headed by a regional director who will have immediate administration, supervision and control over all activities and administration of the Commission in the respective regions.

The Commissioner shall be responsible for the administration of this Act and shall have, in connection therewith, the following powers and duties, in addition to those mentioned elsewhere in this Act:

(1) With the approval of the Secretary of Public Works and Communications, to issue rules and regulations not in conflict with the provisions of this Act, prescribing the procedure for the examination, licensing and bonding of drivers; the registration and re-registration of motor vehicles, transfer of ownership, change of status; the replacement of lost certificates, licenses, badges, permits or number plates; and to prescribe the minimum standards and specifications including allowable gross weight, allowable length, width and height of motor vehicles, distribution of loads, allowable loads on tires, change of tire sizes, body design or carrying capacity subsequent to registration and all other special cases which may arise for which no specific provision is otherwise made in this Act.

(2) To compile and arrange all applications, certificates, permits, licenses, and to enter, note and record thereon, transfers, notifications, suspensions, revocations, or judgments of conviction rendered by competent courts concerning violations of this Act, with the end in view of preserving and making easily available such documents and records to public officers and private persons properly and legitimately interested therein.

(3) To give public notice of the certificates, permits, licenses and badges issued, suspended or revoked and/or motor vehicles transferred and/or drivers bonded under the provisions of this Act.

(4) The Commissioner of Land Transportation, with the approval of the Secretary of Public Works and Communications, may designate as his deputy and agent any employee of the Land Transportation Commission, or such other government employees as he may deem expedient to assist in the carrying out the provisions of this Act.

(5) The Commissioner of Land Transportation and his deputies are hereby authorized to make arrests for violations of the provisions of this Act in so far as motor vehicles are concerned; to issue *subpoena* and *subpoena duces tecum* to compel the appearance of motor vehicle operators and drivers and/or other persons or conductors; and to use all reasonable means within their powers to secure enforcement of the provisions of this Act.

(6) The Commissioner of Land Transportation or his deputies may at any time examine and inspect any motor vehicle to determine whether such motor vehicle is registered, or is unsightly, unsafe, overloaded, improperly marked or equipped, or otherwise unfit to be operated because of possible excessive damage to highways, bridges and/or culverts.

(7) The Philippine Constabulary and the City and municipal police forces are hereby given the authority and the primary responsibility and duty to prevent violations of this Act, and to carry out the police provisions hereof within their respective jurisdiction: *Provided*, That all apprehensions made shall be submitted for final disposition to the Commissioner and his deputies within twenty-four hours from the date of apprehension.

(8) All cases involving violations of this Act shall be endorsed immediately by the apprehending officer to the Land Transportation Commission. Where such violations necessitate immediate action, the same shall be endorsed to the traffic court, city or municipal court for summary investigation, hearing and disposition, but in all such cases, appropriate notices of the apprehensions and the dispositions thereof shall be given to the Commissioner of Land Transportation by the law-enforcement agency and the court concerned.

Notation of all such dispositions shall be entered in the records, and a copy shall be mailed to the owner and to the driver concerned.

CHAPTER II.-REGISTRATION OF MOTOR VEHICLES

ARTICLE I.-*Duty to Register, Reports, Applications, Classifications*

SEC. 5. All motor vehicles and other vehicles must be registered.-(a) No motor vehicle shall be used or operated on or upon any public highway of the Philippines unless the same is properly registered for the current year in accordance with the provisions of this Act.

(b) Any registration of motor vehicles not renewed on or before the date fixed for different classifications, as provided hereunder shall become delinquent and invalid:

1. *For hire motor Vehicles--on* or before the last working day of February.
2. *Privately-owned motor vehicles--from* March one to the last working day of May.

3. *All other motor vehicles--from* June one to the last working day of June; except when the plates of such motor vehicles are returned to the Commission in Quezon City, or to the Office of the Motor Vehicles Registrar in the provincial or city agency of the Commission on or before the last working day of December of the year of issue.

(c) *Dealers' reports*-The Commissioner of Land Transportation shall require dealers to furnish him with such information and reports concerning the sale, importation, manufacture, number of stocks, transfer or other transactions affecting motor vehicles as may be necessary for the effective enforcement of the provisions of this Act.

(d) *Change of motor number prohibited*.---:No repair or change in the motor vehicle involving the exchange, elimination, effacing, or replacing of the original or registered serial or motor number as stamped or imprinted, shall be allowed, and any motor vehicle with a trace of having its motor number altered or tampered with shall be refused registration or re-registration, unless such is satisfactorily explained and approved by the Commissioner.

(e) *Encumbrances of motor vehicles*.-Mortgages, attachments, and other encumbrances of motor vehicles, in order to be valid, must be recorded in the Land Transportation Commission and must be properly recorded on the face of all outstanding copies of the certificates of registration of the vehicle concerned.

Cancellation or foreclosure of such mortgages, attachments, and other encumbrances shall likewise be recorded, and in the absence of such cancellation, no certificate of registration shall be issued without the corresponding notation of mortgage, attachment and/or other encumbrances.

Records of encumbrances of motor vehicles shall be kept by the Land Transportation Commission in chronological sequence and shall contain, among other things, the time, date and number of the entry in a "Book of Motor Vehicles" referring to the creation, cancellation or foreclosure of the aforesaid mortgages, attachments or to other encumbrances.

The Land Transportation Commission shall collect a fee of five pesos for every annotation of a mortgage, attachment and/or other encumbrances, or cancellation thereof.

SEC. 6. *Application and payments for registration*.- Applications and payments for registration shall be made either personally or by registered mail, and the date of the cancellation of the postage stamps of envelopes containing money order or check shall be taken as the date of the application and/or payment for registration: *Provided*, That the application is properly prepared and the payment for registration is sufficient as required by law.

SEC. 7. *Registration Classification*.-Every motor vehicle shall be registered under one of the following described classifications:

(a) Private passenger automobiles; (b) private trucks; and (c) private motorcycles, scooters or motor wheel attachments. Motor vehicles registered under these classifications shall not be used for hire under any circumstances and shall not be used to solicit, accept, or be used to transport passengers or freight for pay.

Laborers necessary to handle freight on board private trucks may ride on such trucks: *Provided*, That seats shall not be installed in the rear compartment thereof and that only such number of laborers, not exceeding ten, as may be needed to handle the kind of freight carried, shall ride on the truck: *Provided, further*, That the combined weight of cargo and passengers does not exceed the registered net capacity of the truck.

For the purpose of this section, a vehicle habitually used to carry freight not belonging to the registered owner thereof, or passengers not related by consanguinity or affinity within the fourth civil degree to such owner, shall be conclusively presumed to be "for hire."

No person shall be allowed to register as private truck any truck not actually and reasonably necessary to carry out his duly licensed business or legitimate occupation or industry regularly paying taxes.

(d) Public utility automobiles; (e) public utility trucks; (f) taxis and auto-caleasas ; (g) garage automobiles; (h) garage trucks; (i) hire trucks; and (j) trucks owned by contractors and customs brokers and customs agents. Application for registration under these classifications shall be accompanied by a certificate of public convenience or a special permit issued by the Public Service Commission, and motor vehicles registered under these classifications shall be subject to the Public Service Law, rules and regulations, as well as the provisions of this Act.

(k) Undertakers.

(l) *Dealers*-Registrations under this classification are intended to cover generally and successively all the motor vehicles imported or handled by dealers for sale. Motor vehicles registered under the dealer's classification shall, under no 'Circumstances, be employed to carry passengers or freight in the dealer's business, or for hire. Such vehicles shall be operated under this classification only for the purpose of transporting the vehicle itself from the pier or factory to the warehouse or sales room or for delivery to a prospective purchaser or for test or demonstration.

(m) Government automobiles; (n) government trucks; and (o) government motorcycles. Motor vehicles owned by the Government of the Philippines or any of its political subdivisions shall be registered under these classifications. Motor vehicles owned by government -corporations, by government employees or by foreign governments shall not be registered under this classification.

(p) Tourists bringing their own motor vehicles to the Philippines may, without registering such motor vehicles, use the same during but not after ninety days of their sojourn: *Provided*, That the motor vehicle displays the number plates for the current year of some other country or state, and said number plates as well as the name and address (permanent and temporary) of the owner thereof are registered in the Land Transportation Commission prior to the operation of the motor vehicle.

If such tourists remain in the Philippines longer than ninety days, the motor vehicle shall not be operated unless registered in accordance with this Act and the corresponding registration fees paid.

(q) Special. The Commissioner of Land Transportation may, in his discretion, allow the registration under this classification of motor vehicles which do not conform to the foregoing described regular classifications.

ARTICLE II.-*Registration Fees*

SEC. 8. *Schedule of registration fees.*-*Except* as otherwise specifically provided in this Act, each application for renewal of registration of motor vehicles shall be accompanied by an annual registration fee in accordance with the following schedule:

(a) Private automobiles with pneumatic rubber tires, an amount based on their respective shipping weight or factory weight as indicated in the following schedule:

1,000 kilos or less	P 75.00
1,001 to 1,500 kilos.....	100.00
1,501 to 2,000 kilos.....	135.00
2,001 kilos and above.....	180.00

The factory or shipping weight of a private automobile shall be obtained from the Red Book edited by the National Market Report, Inc., of the United States of America: *Provided, further*, That in the case of automobiles with altered, changed or rebuilt bodies, the weight as obtained by actual weighing shall be considered the vehicles weight: *Provided, furthermore*, That the increased registration fees herein prescribed shall not apply to jeeps and jeepneys for private use or for hire and the fees hereof shall be those prescribed for them before the approval of this Act.

The registered passenger capacity of passenger automobiles operated for hire or for private use shall be determined as follows:

1. For each adult passenger, a horizontal rectangular area, including seat and feet space, not less than thirty five centimeters wide and sixty centimeters long, except in the front seat, which shall allow an area fifty centimetres wide for the operator.

2. For each half passenger, a horizontal rectangular area, including seat and feet spaces, not less than seventeen and a half centimeters wide by sixty centimetres long, provided that each continuous row of seats shall not be allowed to have more than one-half passenger.

(b) Private motor trucks, passenger buses and trailers with pneumatic rubber tires, the sum of five pesos for every hundred kilograms of maximum allowable gross weight or fraction thereof.

(c) Private motor trucks, passenger buses and trailers with solid rubber tires or with part-solid and part-pneumatic rubber tires, the sum of seven pesos for every hundred kilograms of maximum allowable gross weight or fraction thereof.

(d) Private motorcycles and scooters of two or three wheels and bicycles with motor attachments, the sum of thirty pesos.

(e) The fee for registration of motor vehicles for hire shall be sixty percent more than the fee prescribed for private motor vehicles of the same category.

(f) The fee for registration of diesel-oil-consuming vehicles shall be fifty percent more than that of vehicles using motor fuel other than diesel oil. The fee for registration of motor vehicles for hire shall be sixty percent more than the fees prescribed for private motor vehicles.

(g) No regular registration fees shall be charged for the general registration of motor vehicles contemplated under the dealer's classification: *Provided*, That the Commissioner of Land Transportation shall provide appropriate dealer's number plates corresponding to the classification of vehicles herein below described, and registration fee for every set of such dealer's number plates shall be in accordance with the following schedule of rates:

Two hundred pesos for each truck or trailer;

One hundred pesos for each passenger automobile; and

Twenty pesos for each motorcycle and the like.

(h) Registration under the "Government Motor Vehicle" classification shall be free of charge, upon request of the chief of bureau or office -concerned.

(i) Motor vehicles not intended to be operated or used upon any public highway, or which are operated on highways not constructed or maintained by the Government, or are intended not to be used or operated at all, shall be exempt from payment of the registration fees provided in this Act, but shall each pay an annual recording and service fee of fifteen pesos: *Provided, however*, That no refund, credit for, or reimbursement of registration fees or part thereof shall be made to any owner on account of the discontinuance of the use or operation of a motor vehicle subsequent to the payment of such registration fees: *Provided, further*, That in the event motor vehicles exempted under this section shall be found operated on any public highways, the regular registration fees and surcharges shall be collected in addition to whatever penalties may be imposed for violation of this Act. The Commissioner of Land

Transportation shall provide distinctive number plates for vehicles exempted from payment of regular registration fees, and the owner of the vehicles concerned shall pay four pesos for each of such number plates.

(j) The maximum allowable gross weight of a motor truck, passenger bus, or trailer, upon which to compute the registration fee thereof, shall be determined by the Commissioner of Land Transportation. He shall, from time to time as the need of the service may require, prepare, subject to the approval of the Secretary of Public Works and Communications, suitable tables of maximum allowable loads per wheel for different sizes and kinds of tires.

(k) The registration fees provided in this Act for trucks may be payable in two equal installments, the first to be paid on or before the last working day of February if for hire, and in March if private; and the second to be paid on or before the last working day of August: *Provided*, That the fifty per cent penalty shall apply on to the unpaid balance of the remaining period of delinquency.

SEC. 9. *Permissible weights and dimensions of vehicles in highways traffic.*-(a) The maximum gross weight and measurement of motor vehicles, unladen or with load, permissible on public highways shall be as specified hereunder, subject to such regulations as the Commissioner with the approval of the Secretary of Public Works and Communications, may promulgate, from time to time, as the conditions of the public highways may warrant and the needs of the service may require.

Permissible maximum weights:

1. Per most heavily loaded wheel three thousand six hundred kilograms;
2. Per most heavily loaded axle..... eight thousand kilograms;
3. Per most heavily loaded axle group

(the two axles of the group being at least one meter and less than two meters apart).... fourteen thousand
five hundred kilograms.

An axle weight shall be the total weight transmitted to the road by all the wheels the centers of which can be included between the parallel transverse vertical planes one meter apart extending across the full width of the vehicles.

No provincial, city or municipal authority shall enact or enforce any ordinance or resolution regulating or prescribing the maximum gross weight of any motor vehicle

(b) No motor vehicle operating as a single unit shall exceed the following dimensions:

Overall width.....two and five-tenths meters

Overall height.....four meters

Overall length:

Freight vehicles with two axles.....ten meters

Passenger vehicles with two axles..... eleven meters

Vehicles with three or more axles..... fourteen meters

(c) No motor vehicle and/or trailer combination shall exceed eighteen meters in overall projected length, including any load carried on such vehicle and trailer.

(d) No articulated vehicles shall be allowed to draw or pull a trailer and no vehicle already drawing a trailer shall draw another.

SEC. 10. *Special permits, fees for.*-The Commissioner with the approval of the Secretary of Public Works and Communications, shall issue regulations and schedules of additional fees under which special permits may be issued in the discretion of the Commissioner or his deputies, for each of the following special 'cases, without which special permit no vehicles shall be operated on the public highways:

(a) To operate a motor vehicle or trailer outfit with wheel, axle, or axle group loads in excess of the limits fixed in subsection (a) of Section nine hereof or in any regulation issued by the Commissioner.

(b) To operate a motor vehicle the size of which exceeds the limit of permissible dimensions specified in paragraph (b) of Section nine hereof.

(c) To operate a motor vehicle with any part of the load extending beyond the projected width of the vehicle.

(d) To pull two trailers behind a motor vehicle.

(e) For any other special authority relating to the use of vehicles, not otherwise specifically provided herein.

SEC. 11. *Additional fees.*-In addition to the fees elsewhere provided in this Act, for each change of registration, from private to for hire or vice-versa; revision of gross weight rating, change of the tire size; transfer of ownership; replacement of a lost registration certificate, number plate, driver's license or permit; badge; preparation of affidavit or certified copy of records, or for any similar circumstances requiring the issue, revision, or reissue of a certificate of registration, driver's license, badge, permit, or other document, a fee of two pesos shall be collected.

The replacement of a lost or utterly spoiled certificate, number plate, license, badge or permit shall render the original invalid.

In case of a request in writing for certification of data or facts involving two or more vehicles, a fee of five pesos a page or part thereof shall be collected for each certification.

SEC. 12. *Fee for original registration for part of year.*- If any application for the original registration is made during the first quarter of a calendar year, the total annual fee for the year shall be paid, if made during the second

quarter, three-fourths of the annual fee for that year shall be paid, if made during the third quarter, one half of the annual fee shall be paid, and if made during the fourth quarter, one-fourth of the annual fee shall be paid.

Nothing in this section shall be construed as allowing quarterly renewals of registrations in order to avoid payment of fees in advance for the entire year.

SEC. 13. *Payment of taxes upon registration.* -No original registration of motor vehicles subject to payment of taxes, customs duties or other charges shall be accepted unless proof of payment of the taxes due thereon has been presented to the Commission.

ARTICLE III-*Registration Certificates, Records, Number Plates*

SEC. 14. *Issuance of certificates of registration.* -A properly numbered certificate of registration shall be issued for each separate motor vehicle after due inspection and payment of corresponding registration fees.

SEC. 15. *Use and authority of certificate of registration.* - (a) The said certificate shall be preserved and carried in the car by the owner as evidence of the registration of the motor vehicle described therein, and shall be presented with subsequent applications for re-registration, transfer of ownership, or recording of encumbrances: *Provided*, That in lieu of the certificate of registration a true copy or photostat thereof may be carried in the motor vehicle.

(b) The certificate of registration issued under the provisions of this Act for any motor vehicle shall, while the same is valid and effective and has not been suspended or revoked, be the authority for the operation of such motor vehicle.

(c) No motor vehicle shall be operated on the public highways in a manner which would place it under a classification requiring the payment of a larger registration fee than that stated in the certificate of registration.

SEC. 16. *Suspension of registration certificate.* -If on inspection, as provided in paragraph (6) of Section four hereof, any motor vehicle is found to be unsightly, unsafe, overloaded, improperly marked or equipped, or otherwise unfit to be operated, or capable of causing excessive damage to the highways, or not conforming to minimum standards and specifications, the Commissioner may refuse to register the said motor vehicle, or if already registered, may require the number plates thereof to be surrendered to him, and upon seventy-two hours notice to the owner of the motor vehicle, suspend such registration until the defects of the vehicle are corrected and/or the minimum standards and specifications fully complied with.

Whenever it shall appear from the records of the Commission that during any twelve-month period more than three warnings for violations of this Act have been given to the owner of a motor vehicle, or that the said owner has been convicted by a competent court more than once for violation of such laws, the Commissioner may, in his discretion, suspend the certificate of registration for a period not exceeding ninety days and, thereupon, shall require the immediate surrender of the number plates.

Whenever a motor vehicle is found to be underweighed the owner thereof shall pay the difference in the registration fees corresponding to the shortage in weight plus a fifty per cent surcharge, and until such payment is made, the certificate of registration of the motor vehicle concerned shall be suspended by the Commissioner.

After two such suspensions, re-registration of the vehicle concerned for one year may be denied.

The Commissioner shall notify the owner of the motor vehicle of any action taken by him under this section.

SEC. 17. *Number plates, preparation and issuance of.*

(a) The Commissioner shall cause number plates to be prepared and issued to owners of motor vehicles and trailers registered under this Act, charging a fee of four pesos for each pair including the numerals indicating the year of registry: *Provided, however*, That in case no number plates are available, the Commissioner or his deputies may issue, without charge, a written permit temporarily authorizing the operation of any motor vehicles with other means of identification: *Provided, further*, That all motor vehicles exempted from payment of registration fees, motor vehicles for hire, and privately-owned motor vehicles shall bear plates so designed and painted with different colors to distinguish one class from another: *Provided, furthermore*, That the plates of motor vehicles exempted from payment of registration fees shall be permanently assigned to such motor vehicles during their entire lifetime while exempted from payment of the fees: *And provided, finally*, That the owner thereof shall return such plates to the Land Transportation Commission within a period of seven working days after such owner has lost his exemption privilege or has transferred the vehicle to a non-exempt owner.

(b) In case the design of the number plate is such that the numerals indicating the year of registry are on a detachable tag, the Commissioner or his deputies may, in their discretion, issue the said tag only for subsequent re-registration charging a fee of one peso for each tag issued.

SEC. 18. *Use of number plates.* -At all times, every motor vehicle shall display in conspicuous places, one in front and one in the rear thereof, the said number plates.

The number plates shall be kept clean and cared for, and shall be firmly affixed to the motor vehicle in such a manner as will make it entirely visible and always legible.

Except in the case of dealer's number plates which may be used successively on various motor vehicles in stock, no person shall transfer number plates from one motor vehicle to another.

No dealer's number plate shall be used on any motor vehicle after said vehicle has been sold and delivered to a purchaser, and no dealer shall allow such dealer's number plates to be used on any motor vehicle after its sale and delivery to a purchaser.

CHAPTER III- OPERATION OF MOTOR VEHICLES

ARTICLE I.-*License to Drive Motor Vehicles*

SEC. 19. *Duty to procure license.*-*Except* as otherwise specifically provided in this Act, no person shall operate any motor vehicle without first procuring a license to drive a motor vehicle for the current year, nor while such license is delinquent, invalid, suspended or revoked.

The license shall be carried by the driver at all times when operating a motor vehicle, and shall be shown and/or surrendered for cause and upon demand to any person with authority under this Act to confiscate the same.

SEC. 20. *License for enlisted men operating Government motor vehicles.*-*Enlisted* men operating a motor vehicle owned by the Government of the Philippines shall be licensed in accordance with the provisions of this Act, but no license or delinquency fees shall be collected therefrom. All licenses so issued shall bear the words "For Government Vehicles Only" plainly marked or stamped in red ink across the face thereof.

A license so marked so stamped shall not authorize the holder thereof to operate a privately-owned motor vehicle.

SEC. 21. *Operation of motor vehicles by tourists.*-*Bona fide* tourists and similar transients who are duly licensed to operate motor vehicles in their respective countries may be allowed to operate motor vehicles during but not after ninety days of their sojourn in the Philippines.

If any accident involving such tourist or transient occurs, which upon investigation by the Commissioner or his deputies indicates that the said tourist or transient is incompetent to operate motor vehicles, the Commissioner shall immediately inform the said tourist or transient in writing that he shall no longer be permitted to operate a motor vehicle.

After ninety days, any tourist or transient desiring to operate motor vehicles shall pay fees and obtain and carry a license as hereinafter provided.

SEC. 22. *Driver's license, fees, examination.*-*Every* person who desires personally to operate any motor vehicle shall file an application to the Commissioner or his deputies for a license to drive motor vehicles: *Provided, however,* That no person shall be issued a professional driver's license who is suffering from highly contagious diseases, such as, advanced tuberculosis, gonorrhea, syphilis, and the like.

Each such application, except in the case of enlisted men operating government-owned vehicles, shall be accompanied by a fee of five pesos, and shall contain such information respecting the applicant and his ability to operate motor vehicles, as may be required by the Commission.

The Commissioner or his deputies shall also ascertain that the applicant's sight and hearing are normal, and may in their discretion, require a certificate to that effect, signed by a reputable physician.

An examination or demonstration to show any applicant's ability to operate motor vehicles may also be required in the discretion of the Commissioner or his deputies.

SEC. 23. *Issuance of driver's license.*-*If*, after such examination, the Commissioner or his deputy believes that the applicant possesses the necessary qualifications and is proficient in the operation of motor vehicles, a license shall be issued to such applicant upon payment of five pesos, but prior to the issuance of said license, the applicant shall furnish three copies of his recent photograph to be securely attached to the license, and two copies to be filed and kept as provided by this Act. All driver's licenses shall bear the signature and right-hand thumb print of the licensee.

SEC. 24. *Use of driver's license and badge.*-*Every* license issued under the provisions of this Act to any driver shall entitle the holder thereof, while the same is valid and effective and not suspended or revoked, to operate the motor vehicles described in such license: *Provided, however,* That every licensed professional driver, before operating a public service motor vehicle registered under classifications (d) to (j) inclusive of Section seven hereof, shall secure from the Commissioner, upon payment of the sum of one peso, a driver's badge which he shall, at all times while so operating a motor vehicle, display in plain sight on the band of his cap or on his coat or shirt. Such driver's badge shall be of metal with a plainly readable number assigned to the licensee stamped thereon.

It shall be unlawful for any duly licensed driver to transfer, lend or otherwise allow any person to use his license for the purpose of enabling such person to operate a motor vehicle.

No owner of a motor vehicle shall engage, employ, or hire any person to operate such motor vehicle, unless the person sought to be employed is a duly licensed professional driver.

SEC. 25. *Driver's records.*-Any driver who changes his address shall, within fifteen days, notify the Commissioner in writing of his new address, name and address of his new employer, the number of the motor vehicle he is employed to operate, and such other information as the Commissioner may require.

SEC. 26. *Renewal of license.*-Any license not renewed on or before the last working day of the month when the applicant was born shall become delinquent and invalid, except when the license is surrendered to the Commissioner or his deputies before the last working day of the month of his birth in order to avoid payment of the delinquency fees.

The fee for renewal of delinquent license shall be five pesos in addition to the basic fee as hereinabove prescribed. Every applicant for renewal of license to operate any motor vehicle shall present to the Commissioner, in person or by mail or messenger, the license issued to the applicant for the previous year, together with the proper fee of five pesos and, in the case of professional chauffeurs, three copies of a readily-recognized photograph of the applicant, which photograph shall have been taken not exceeding three years prior to the date of application for renewal.

Lost license.-In case the license for the previous year has been lost or cannot be produced, the applicant shall obtain a duplicate in accord with Section eleven of this Act, on penalty of refusal, by the Commissioner or his deputies, to renew the license: *Provided, however,* That the Commissioner or his deputies may, in their discretion, accept in lieu of the previous years license, the duly signed and sworn statement of an operator to the effect that he has not operated any motor vehicle in the Philippines during the year or years to which no license was issued in his name.

The Commissioner and his deputies are hereby authorized to administer the oath in connection with such affidavit.

SEC. 27. *Suspension, revocation of driver's license.*- (a) The Commissioner may suspend for a period not exceeding three months or, after hearing, revoke any driver's license issued under the provisions of this Act, and may order any such license to be delivered to him whenever he has reason to believe that the holder thereof is an improper person to operate motor vehicles, or in operating or using a motor vehicle in, or as an accessory to, the commission of any crime or act which endangers the public. Any deputy of the Commissioner may, for the same cause, suspend for a period not exceeding three months any driver's license issued under the provisions of this Act: *Provided,* That such suspension may be appealed to the Commissioner who may, after reviewing the case, confirm, reverse or modify the action taken by such deputy.

(b) Whenever during any twelve-month period a driver shall have been convicted at least three times for the violations of any provisions of this Act or of any regulation issued by the Commissioner or any municipal or city ordinance relating to motor vehicle traffic not in conflict with any of the provisions of this Act, the Commissioner may, in his discretion, revoke or suspend the license of such driver for a period not exceeding two years.

(c) The license suspended or revoked under the provisions of subsections (a) and (b) of this section shall not be reinstated unless the driver has furnished a bond in accordance with Section twenty-nine of this Act and only after the Commissioner has satisfied himself that such driver may again safely be permitted to operate a motor vehicle.

(d) A decision of the Commissioner revoking or refusing the reinstatement of a license under the provisions of this section may be appealed to the Secretary of Public Works and Communications.

SEC. 28. *Driver's bond.*-The Commissioner before reinstating any driver's license which has been suspended or revoked under the provisions of the preceding section or of any provisions of this Act, may require such driver to post a bond in the sum of one thousand pesos conditioned upon the satisfaction and payment of any claim which may be filed or of any execution which may be issued against such driver in any case wherein said driver may be held answerable while operating motor vehicles. The bond required in this section shall be in such form as to render sureties liable at least for a period of not less than one year nor more than three years: *Provided, however,* That upon written application to the Commissioner for release from such a bond, the Commissioner may after revoking or suspending the driver's license, authorize the release of the bondsmen from further responsibility thereunder: *Provided, further,* That should the Commissioner decide not to revoke the license of a driver who has been convicted of homicide through reckless imprudence, or of the violation of the speed limit or of reckless driving at least three times within a twelve-month period, the said driver shall post a bond in the sum of not less than two thousand pesos, conditioned upon the payment of any claim which may be filed or any execution which may be issued against him in any case wherein said driver may be held answerable while operating motor vehicles.

SEC. 29. *Confiscation of driver's licenses.*-Law enforcement and peace officers duly designated by the Commissioner shall, in apprehending any driver for violations of this Act or of any regulations issued pursuant thereto, or of local traffic rules and regulations, confiscate the license of the driver concerned and issue a receipt prescribed and issued by the Commission therefor which shall authorize the driver to operate a motor vehicle for a period not exceeding seventy-two hours from the time and date of issue of said receipt. The period so fixed in the receipt shall not be extended, and shall become invalid thereafter. Failure of the driver to settle his case within fifteen days from the date of apprehension will cause suspension and revocation of his license.

SEC. 30. *Student-driver's permit.*-Upon proper application and the payment of three pesos, the Commissioner or his deputy may issue student-driver's permits, valid for six months to persons not under eighteen years

of age, who desire to learn to operate motor vehicles. No application for driver's license shall be received unless the applicant has undergone instruction in the operation of motor vehicles for at least a month and has a valid student-driver's permit: *Provided, however,* That any person who has a license to operate motor vehicles in other countries may, upon presentation of appropriate evidence of such license, be allowed to pay for a driver's license without presenting a student driver's permit.

A student driver who fails in the examination shall continue as a student driver for at least one additional month. No student driver shall operate a motor vehicle unless accompanied by a duly licensed driver.

The licensed driver acting as instructor to the student driver shall likewise be responsible and liable for any violation of the provisions of this Act and for any injury or damage done by the motor vehicle on account or as a result of its operation by a student driver under his direction.

ARTICLE II.-*Illegal Use of Licenses, Number Plates, Etc.*

SEC. 31. *Imitation and false representations.*-No person shall make or use or attempt to make or use a driver's license, badge, certificate of registration, number plate, tag, or permit in imitation or similitude of those issued under this Act, or intended to be used as or for a legal license, badge, certificate, plate, tag or permit, or with intent to sell or otherwise dispose of the same to another. No person shall falsely or fraudulently represent as valid and in force any driver's license, badge, certificate, plate, tag or permit issued under this Act which is delinquent or which has been revoked or suspended.

No person shall, knowingly and with intent to deceive, make one or more false or fraudulent statements in an application for the registration of vehicles, or for a driver's license.

ARTICLE III -*Passengers and Freight*

SEC. 32. *Exceeding registered capacity.*-No person operating any vehicle shall allow more passengers or more freight or cargo in his vehicle than its registered carrying capacity. In the case of public utility trucks or buses, the conductor shall be exclusively liable for violations of this section or of Section thirty-two, letter (c) hereof: *Provided,* That the conductor, before being employed by any public service operator, shall get a permit or license from the Commission and pay five pesos annually for said license or permit issued in his favor, and the same is renewable on or before the last working day of the month of his birth, attaching a readily recognizable photograph and after presentation of a medical certificate of fitness of applicant.

Passenger trucks may be allowed to construct any cargo carrying device at the rear or at the side of the truck, subject to the approval of the Commissioner: *Provided, however,* That the total weight of the device, including the cargo, shall not exceed one hundred kilos.

(b) *Carrying of passengers and freight on top of vehicles.*-No person operating a motor vehicle shall allow any passenger to ride on the cover or top of such vehicles: *Provided, however,* That subject to such conditions as may be contained in permits that may be issued by the Commissioner, baggage or freight may be carried on the top of a truck provided the weight thereof does not exceed twenty kilos per square meter and is distributed in such a manner as not to endanger the passengers or stability of the truck.

(c) *Riding on running boards.*-No driver shall permit any person to ride on the running board, step board, or mudguard of his motor vehicle for any purpose except to make repair or adjustment in the motor or to collect fares.

SEC. 33. *Passenger or freight capacity marked on vehicle.*-All passenger automobiles for hire shall have the registered passenger capacity plainly and conspicuously marked on both sides thereof, in letters and numerals not less than five centimeters in height.

All motor trucks, whether for passenger or freight, private, or for hire, shall have the registered passenger gross and net weight capacities plainly and conspicuously marked on both sides thereof, in letters and numerals not less than five centimeters in height.

ARTICLE IV.-*Accessories of Motor Vehicles*

SEC. 34. (a) *Tires of motor vehicles.*-No motor vehicle with metallic tires shall be operated upon any public highway, and solid tires whenever used shall be of sufficient thickness to prevent the metal rims thereof from coming in direct contact with the road.

(b) *Brakes.*-Every motor vehicle with four or more wheels shall be provided with dual hydraulic brake system so that in case of hydraulic line failure affecting the braking efficiency of any of the four wheels at least either the front or rear wheels shall retain normal braking capabilities. In the absence of such dual braking system every motor vehicle with four or more wheels shall be provided with safety valve devices of such design and make so that failure of the

hydraulic braking system of the vehicle because of leakage in the line or other parts of the system will not affect all wheels but rather render at all times effective the braking power of either the two front wheels or the two rear wheels when brakes are applied. This requirement, however, does not apply to motor vehicles equipped with pneumatic braking system.

(b-1) *Horns*.-Every motor vehicle shall be provided with a horn or signalling device in good working order: *Provided, however*, That no horn or signalling device emitting an exceptionally loud, startling, or disagreeable sound shall be installed or used on any motor vehicle.

All authorized emergency vehicles, such as ambulance and police cars and fire wagons used for emergency calls shall be equipped with a bell, siren, or exhaust whistle of a type approved by the Commissioner, and no such device shall be installed or used in any other vehicle.

No vehicle not classified as a motor vehicle under this Act shall be equipped with a horn or signalling device similar to the horn customarily used on motor vehicle.

(c) *Headlights*.-Every motor vehicle of more than one meter of projected width, while in use on any public highway shall bear two headlights, one on each side, with white or yellowish light visible from the front, which, not later than one-half hour after sunset and until at least one-half hour before sunrise and whenever weather conditions so require, shall both be lighted.

Additional lamps and light may be carried, but no red lights shall be visible forward or ahead of the vehicle. Trucks, buses, trailers, and other similar vehicles must carry, while in use on any public highway during nighttime, colored riding lights on each of the four corners not more than ten centimeters from the top.

All motor vehicles shall be equipped with devices for varying the intensity of light, and the driver must dim the headlights or tilt the beams downward whenever the vehicle is being operated on well-lighted streets within the limits of cities, municipalities, and thickly populated barrios or districts, or whenever such vehicle meets another vehicle on any public highway.

(d) *Taillights*.-Every motor vehicle and trailer shall, during the above-mentioned hours, also bear on each side in the rear a lamp showing a red light visible at least one hundred meters from the rear of the vehicle and a lamp throwing a white light upon the number plate issued for such vehicle.

(e) *Stop lights*.-Every motor vehicle shall be equipped at the rear with at least one lamp which shall throw a sustained bright red light visible under all conditions, even under bright sunlight, when the brakes are applied. Each bus, truck, trailer, or similar vehicle shall be equipped, as its stop light at or near its rear center, with a lamp at least twelve centimeters in diameter with the word "stop" inscribed in the center.

(f) *Motorcycle and other vehicle lights*.-Every motor vehicle of less than one meter of projected width shall be subject to the preceding provisions of this section, except that one headlight and one taillight shall be required. No signal light shall be necessary.

Additional lamps may be carried provided they comply with the preceding provisions of this section.

Every other vehicle, of whatever style, kind, make, character, or nature, when upon a highway during the hours above-mentioned, whether in motion or not, shall have one or more lights so arranged that the same shall be visible at least fifty meters from the front and the rear of such vehicle.

(g) *Lights when parked or disabled*.-Appropriate parking lights or flares visible one hundred meters away shall be displayed at a -corner of the vehicle whenever such vehicle is parked on highways or in places that are not well-lighted or is placed in such manner as to endanger passing traffic.

(h) *Windshield wiper*.-Every motor vehicle shall be equipped with a mechanically or electrically operated device for wiping off raindrops or other moisture from its front windshield.

(i) *Use of red flag*.-Whenever the load of any vehicle extends more than one meters beyond the bed or body thereof, there shall be displayed at every projecting end of such load a red flag not less than thirty centimetres both in length and width, except that during the hours fixed under subsection (c), there shall be displayed, in lieu of the required red flags, red lights visible at least fifty meters away.

(j) *Mufflers*.-Every motor vehicle propelled by an internal combustion engine shall be equipped with a muffler, and whenever said motor vehicle passes through a street of any city, municipality, or thickly populated district or barrio, the muffler shall not be cut out or disconnected. No motor vehicle shall be operated in such a manner as to cause it to emit or make any unnecessary or disagreeable odor, smoke or noise.

CHAPTER IV.-TRAFFIC RULES

ARTICLE I.-Speed Limit and Keeping to the Right

SEC. 35. *Restriction as to speed*.-(a) Any person driving a motor vehicle on a highway shall drive the same at a careful and prudent speed, not greater nor less than is reasonable and proper, having due regard for the traffic, the width of the highway, and of any other condition then and there existing; and no person shall drive any motor vehicle

upon a highway at such a speed as to endanger the life, limb and property of any person, nor at a speed greater than will permit him to bring the vehicle to a stop within the assured clear distance ahead.

(b) Subject to the provisions of the preceding paragraph, the rate of speed of any motor vehicle shall not exceed the following:

	MAXIMUM ALLOWABLE SPEEDS	
	Passenger cars and motorcycles	Motor trucks and buses
1. On open country roads, with no "blind corners" not closely bordered by habitations	80 km./hr.	50 km./hr
2. On "through streets" or boulevards, clear of traffic, with no "blind corners," when so designated	40 km./hr.	30 km./hr
3. On city and municipal streets, with light traffic, when not designated "through streets."	30 km./hr.	30 km./hr
4. Through crowded streets, approaching intersections at "blind corners," passing school zones, passing other vehicles which are stationary, or for similar dangerous circumstances.	20 km./hr.	20 km./hr

(c) The rates of speed hereinabove prescribe shall not apply to the following:

- (1) A physician or his driver when the former responds to emergency calls;
- (2) The driver of a hospital ambulance on the way to and from the place of accident or other emergency;
- (3) Any driver bringing a wounded or sick person for emergency treatment to a hospital, clinic, or any other similar place;
- (4) The driver of a motor vehicle belonging to the Armed Forces while in use for official purposes in times of riot, insurrection or invasion;
- (5) The driver of a vehicle, when he or his passengers are in pursuit of a criminal;
- (6) A law-enforcement officer who is trying to overtake a violator of traffic laws; and
- (7) The driver officially operating a motor vehicle of any fire department, provided that exemption shall not be construed to allow useless or unnecessary fast driving of drivers afore-mentioned.

SEC. 36. Speed limits uniform throughout the Philippines.-No provincial, city or municipal authority shall enact or enforce any ordinance or resolution specifying maximum allowable speeds other than those provided in this Act.

SEC. 37. Driving on right side of highway.- Unless a different course of action is required in the interest of the safety and the security of life, person or property, or because of unreasonable difficulty of operation in compliance herewith, every person operating a motor vehicle or an animal-drawn vehicle on a highway shall pass to the right when meeting persons or vehicles coming toward him, and to the left when overtaking persons or vehicles going the same direction, and when turning to the left in going from one highway to another, every vehicle shall be conducted to the right of the center of the intersection of the highway.

SEC. 38. Classification of highways.-*Public* highways shall be properly classified for traffic purposes by the provincial board, municipal board or city council having jurisdiction over them, and said provincial board, municipal board or city council shall provide appropriate signs therefor, subject to the approval of the Commissioner. It shall be the duty of every provincial, city and municipal secretary to certify to the Commissioner the names, locations, and limits of all "through streets" designated as such by the provincial board, municipal board or council.

ARTICLE II.- *Overtaking and Passing a Vehicle, and Turning at Intersections*

SEC. 39. Overtaking a vehicle.-The driver of any motor vehicle overtaking another vehicle proceeding in the same direction shall pass at a safe distance to the left thereof, and shall not again drive to the right side of the highway until safely clear of such overtaken vehicle, except that, on a highway, within a business or residential district, having two or more lanes for the movement of traffic in one direction, the driver of a vehicle may overtake and pass another

vehicle on the right. Nothing in this section shall be construed to prohibit a driver overtaking and passing, upon the right, another vehicle which is making or about to make a left turn.

SEC. 40. *Driver to give way to overtaking vehicle.*-The driver, of a vehicle about to be overtaken and passed by another vehicle approaching from the rear shall give way to the overtaking vehicle on suitable and audible signal being given by the driver of the overtaking vehicle, and shall not increase the speed of his vehicle until completely passed by the overtaking vehicle.

SEC. 41. *Restrictions on overtaking and passing.*-

(a) The driver of a vehicle shall not drive to the left side of the center line of a highway in overtaking or passing another vehicle proceeding in the same direction, unless such left side is clearly visible, and is free of oncoming traffic for a sufficient distance ahead to permit such overtaking or passing to be made in safety.

(b) The driver of a vehicle shall not overtake or pass another vehicle proceeding in the same direction, when approaching the crest of a grade, nor upon a curve in the highway, where the driver's view along the highway is obstructed within a distance of five hundred feet ahead, except on a highway having two or more lanes for movement of traffic in one direction where the driver of a vehicle may overtake or pass another vehicle: *Provided*, That on a highway, within a business or residential district, having two or more lanes for movement of traffic in one direction, the driver of a vehicle may overtake or pass another vehicle on the right.

(c) The driver of a vehicle shall not overtake or pass any other vehicle proceeding in the same direction, at any railway grade crossing, nor at any intersection of highways, unless such intersection or crossing is controlled by traffic signal, or unless permitted to do so by a watchman or a peace officer, except on a highway having two or more lanes for movement of traffic in one direction where the driver of a vehicle may overtake or pass another vehicle on the right. Nothing in this section shall be construed to prohibit a driver overtaking or passing, upon the right, another vehicle which is making or about to make a left turn.

(d) The driver of a vehicle shall not overtake or pass, or attempt to pass, any other vehicle, proceeding in the same direction, between any points indicated by the placing of official temporary warning or caution signs indicating that men are working on the highway.

(e) The driver of a vehicle shall not overtake or pass, or attempt to overtake or pass, any other vehicle proceeding in the same direction in any "no-passing or overtaking zone."

ARTICLE III- *Right of Way and Signals*

SEC. 42. *Right of way.*-(a) When two vehicles approach or enter an intersection at approximately the same time, the driver of the vehicle on the left shall yield the right of way to the vehicle on the right, except as otherwise hereinafter provided. The driver of any vehicle travelling at an unlawful speed shall forfeit any right of way which he might otherwise have hereunder.

(b) The driver of a vehicle approaching but not having entered an intersection, shall yield the right of way to a vehicle within such intersection or turning therein to the left across the line of travel of such first-mentioned vehicle, provided the driver of the vehicle turning left has given a plainly visible signal of intention to turn as required in this Act.

(c) The driver of any vehicle upon a highway within a business or residential district shall yield the right of way to a pedestrian crossing such highway within a crosswalk, except at intersections where the movement of traffic is being regulated by a peace officer or by traffic signal. Every pedestrian crossing a highway within a business or residential district, at any point other than a crosswalk, shall yield the right of way to vehicles upon the highway.

(d) The driver of a vehicle upon a highway shall bring to a full stop such vehicle before traversing any "through highway" or railroad crossing: *Provided*, That when it is apparent that no hazard exists, the vehicle may be slowed down to five miles per hour instead of bringing it to a full stop.

SEC. 43. *Exception to the right of way rule.*-(a) The driver of a vehicle entering a highway from a private road or drive shall yield the right of way to all vehicles approaching on such highway.

(b) The driver of a vehicle upon a highway shall yield the right of way to police or fire department vehicles and ambulances when such vehicles are operated on official business and the drivers thereof sound audible signal of their approach.

(c) The driver of a vehicle entering a "through highway" or a "stop intersection" shall yield the right of way to all vehicles approaching in either direction on such "through highway": *Provided*, That nothing in this subsection shall be construed as relieving the driver of any vehicle being operated on a "through highway" from the duty of driving with due regard for the safety of vehicles entering such "through highway" nor as protecting the said driver from the consequence of an arbitrary exercise of such right of way.

SEC. 44. *Signals on starting, stopping or turning.*- (a) The driver of any vehicle upon a highway, before starting, stopping or turning from a direct line, shall first see that such movement can be made in safety, and if any pedestrian may be affected by such movement, shall give a clearly audible signal by sounding the horn, and whenever

the operation of any other vehicle approaching or following may be affected by such movement, shall give a signal plainly visible to the driver of such other vehicles of the intention to make such movement.

(b) The signal herein required shall be given by means of extending the hand and arm beyond the left side of the vehicle, or by any approved mechanical or electrical signal device.

ARTICLE IV.-Turning and Parking

SEC. 45. Turning at intersections.-(a) The driver of a vehicle intending to run to the right at an intersection shall approach such intersection in the lane for traffic nearest to the right-hand side of the highway and, in turning, shall keep as close as possible to the right-hand curb or edge of the highway.

(b) The driver of a vehicle intending to turn to the left shall approach such intersection in the lane for traffic to the right of and nearest to the center line of the highway, and, in turning, shall pass to the left of the center of the intersection, except that, upon highways lane for traffic and upon one-way highways, a left turn shall be made from the left lane of traffic in the direction in which the vehicle is proceeding.

(c) For the purpose of this section, the center of the intersection shall mean the meeting point of the medial lines of the highways intersecting one another, except when it is occupied by a monument, grass plot or any permanent structure, other than a traffic control device.

SEC. 46. Parking prohibited in specified places.-No driver shall park a vehicle, or permit it to stand, whether attended or unattended, upon a highway in any of the following places:

- (a) Within an intersection
- (b) On a crosswalk
- (c) Within six meters of the intersection of curb lines.
- (d) Within four meters of the driveway entrance to any fire station.
- (e) Within four meters of a fire hydrant
- (f) In front of a private driveway
- (g) On the roadway side of any vehicle stopped or parked at the curb or edge of the highway
- (h) At any place where official signs have been erected prohibiting parking.

SEC. 47. Parked vehicle.-Whenever a motor vehicle is parked unattended on any highway, the driver thereof must turn off the ignition switch and stop the motor and notch effectively the hand brake.

ARTICLE V.-Miscellaneous Traffic Rules

SEC. 48. Reckless driving.-No person shall operate a motor vehicle on any highway recklessly or without reasonable caution considering the width, traffic, grades, crossing, curvatures, visibility and other conditions of the highway and the conditions of the atmosphere and weather, or so as to endanger the property or the safety or rights of any person or so as to cause excessive or unreasonable damage to the highway.

SEC. 49. Right of way for police and other emergency vehicles.-Upon the approach of any police or fire department vehicle, or of an ambulance giving audible signal, the driver of every other vehicle shall immediately drive the same to a position as near as possible and parallel to the right-hand edge or curb of the highway, clear of any intersection of highways, and shall stop and remain in such position, unless otherwise directed by a peace officer, until such vehicle shall have passed.

SEC. 50. Tampering with vehicles.-No unauthorized person shall sound the horn, handle the levers or set in motion or in any way tamper with or damage or deface any motor vehicle.

SEC. 51. Hitching to a vehicle.-No person shall hang on to, or ride on, the outside or the rear end of any vehicle, and no person on a bicycle, roller skate or other similar device, shall hold fast to or hitch on to any moving vehicle, and no driver shall knowingly permit any person to hang on to, or ride on, the outside or rear end of his vehicle or allow any person on a bicycle, roller skate or other similar device to hold fast or hitch to his vehicle.

SEC. 52. Driving or parking on sidewalk.-No person shall drive or park a motor vehicle upon or along any sidewalk, path or alley not intended for vehicular traffic or parking.

SEC. 53. Driving while under the influence of liquor or narcotic drug.-No person shall drive a motor vehicle while under the influence of liquor or narcotic drug.

SEC. 54. Obstruction of traffic.-No person shall drive his motor vehicle in such a manner as to obstruct or impede the passage of any vehicle, nor, while discharging or taking on passengers or loading or unloading freight, obstruct the free passage of other vehicles on the highway.

SEC. 55. Duty of driver in case of accident.-In the event that any accident should occur as a result of the

operation of a motor vehicle upon a highway, the driver shall stop immediately, and, if requested by any person present, shall show his driver's license, give his true name and address and also the true name and address of the owner of the motor vehicle.

No driver of a motor vehicle concerned in a vehicular accident shall leave the scene of the accident without aiding the victim, except under any of the following circumstances:

1. If he is in imminent danger of being seriously harmed by any person or persons by reason of the accident;
2. If he reports the accident to the nearest officer of the law; or
3. If he has to summon a physician or nurse to aid the victim.

CHAPTER V.-PENAL AND OTHER PROVISIONS

ARTICLE I.-*Penalties*

SEC. 56. *Penalty for violation.*-*The* following penalties shall be imposed for violations of this Act:

(a) For registering later than seven days after acquiring title to an unregistered motor vehicle or after conversion of a registered motor vehicle requiring larger registration fee than that for which it was originally registered, or for renewal of a delinquent registration, the penalty shall be a fine fifty per cent of the registration fees corresponding to the portion of the year for which the vehicle is registered for use.

(b) For failure to sign driver's license or to carry same while driving, twenty pesos fine.

(c) Driving a vehicle with a delinquent or invalid driver's license, fifty pesos fine.

(d) Driving a motor vehicle with delinquent, suspended or invalid registration, or without registration or without the proper license plate for the current year, three hundred pesos fine.

(e) Driving a motor vehicle without first securing a driver's license, three hundred pesos fine.

(f) Driving a motor vehicle while under the influence of liquor or narcotic drug, a fine of not less than two hundred pesos nor more than five hundred pesos, or imprisonment of not more than three months, or both, at the discretion of the Court.

(g) Violation of Sections thirty-two, thirty-four (a), (b) and (b-1), thirty-five and forty-six a fine not exceeding one hundred pesos: *Provided, however,* That in the case of violation of Section 34 (b) the vehicle or vehicles affected may not be allowed to operate unless the requirements provided in this section are complied with.

(h) Violations of Sections forty-nine, fifty and fifty-two, a fine not exceeding fifty pesos.

(i) For making, using or attempting to make or use a driver's license, badge, certificate of registration, number plate, tag or permit in imitation or similitude of those issued under this Act, or intended to be used as or for a legal license, badge, 'certificate, plate, tag or permit or with intent to sell or otherwise dispose of the same to another, or falsely or fraudulently represent as valid and in force any driver's license, badge, certificate, plate, tag or permit issued under this Act which is delinquent or which has been suspended or revoked, a fine of not exceeding three hundred pesos.

(j) For using private passenger automobiles, private trucks, private motorcycles, and motor wheel attachments for hire, in violation of Section seven, subsections (a), (b), and (c), of this Act, a fine of two hundred pesos and suspension of driver's license for a period of three months for the first conviction; a fine of three hundred pesos and six months imprisonment for the second conviction; and an imprisonment of one year and permanent revocation of the driver's license for the third conviction.

(k) For permitting, allowing, consenting to, or tolerating the use of a privately-owned motor vehicle for hire in violation of Section seven, subsections (a), (b), and (c), of this Act, there shall be imposed upon the owner of the vehicle a fine of five hundred pesos and the certificate of registration shall be suspended for a period of three months for the first conviction, and an increase of one hundred pesos in the fine and one month's suspension of the registration for each subsequent conviction.

(l) For violation of any provisions of this Act or regulations promulgated pursuant hereto, not hereinbefore specifically punished, a fine of not less than ten nor more than fifty pesos shall be imposed.

(m) In the event an offender cannot pay any fine imposed pursuant to the provisions of this Act, he shall be made to undergo subsidiary imprisonment as provided for in the Revised Penal Code.

(n) If, as the result of negligence or reckless or unreasonable fast driving, any accident occurs resulting in death or injury of any person, the motor vehicle operator at fault shall, upon conviction, be punished under the provisions of the Revised Penal Code.

SEC. 57. *Punishment for other offenses.*-*The* conviction of any person for any offense under this Act shall not bar his prosecution for any other offense which may have been committed by such person concurrently with the commission of the offense of which he was convicted or in doing the act or series of acts which constituted the offense of which he was convicted.

SEC 58. *Duty of clerks of court.*-*It* is hereby made the duty of clerks of the Court of First Instance, the City Court or Municipal Court trying traffic violation cases to certify to the Commission the result of any case, whether

criminal or civil, involving violations of any provisions of this Act or of other laws and ordinances relating to motor vehicles. Said certificate shall specifically contain the name of the driver or owner of the vehicle involved, his address, the number of his license and/or of the certificate of registration of his vehicle, and the date thereof, and the offense of which he was convicted or acquitted.

ARTICLE II.-*Collection of Fees, Taxes and Fines, Liens, Allotment of Fund*

SEC. 59. (a) *Collection of fees; national and local taxes; toll fees.*-The collection of all fees, taxes, and fines, under the provisions of this Act shall be made in accordance with regulations to be prescribed by the Commissioner and approved jointly by the Auditor General.

(b) No taxes or fees other than those prescribed in this Act shall be imposed for the registration or operation or on the ownership of any motor vehicle, or for the exercise of the profession of chauffeur, by any municipal corporation, the provisions of any city charter to the contrary notwithstanding: *Provided, however,* That any provincial board, city or municipal councilor board or other competent authority may enact and collect such reasonable and equitable toll fees for the use of such bridges and ferries, within their respective jurisdiction, as may be authorized and approved by the Secretary of Public Works and Communications, and also for the use of such public roads, as may be authorized by the President of the Philippines upon recommendation of the Secretary of Public Works and Communications, but in none of these cases shall any toll fees be charged or collected until and unless the approved schedule of tolls has been posted legibly in a conspicuous place at such toll station.

SEC. 60. *The lien upon motor vehicles.*-Any balance of fees for registration, 're-registration or delinquent registration of a motor vehicle, remaining unpaid and all fines imposed upon any vehicle owner, shall constitute a first lien upon the motor vehicle concerned.

The Commission is hereby vested with authority to issue a warrant of constructive or actual distress or and levy to any owner of motor vehicle who has any balance of fees for registration, re-registration or delinquent registration of a motor vehicle remaining unpaid, which upon demand by the Commissioner of the Land Transportation Commission or any of his deputies executing such warrant, the owner of the said vehicle shall surrender same at the time demanded, except when the attachment or execution is under any judicial process. Any owner who fails or refuses to surrender any of such property or vehicle not so surrendered shall be punished by a fine not exceeding the amount of the fees (including penalties and interests, if any) for the collection of which such warrant has been issued, together with the costs and interests, if any, from the time of such surrender. In addition, such owner shall be punished by a fine of not more than three hundred pesos or an imprisonment of not more than six months, or both.

SEC. 61. *Disposal of monies collected.*-Monies collected under the provisions of this Act shall be deposited in a special trust account in the National Treasury to constitute the Highway Special Fund, which shall be apportioned and expended in accordance with the provisions of the "Philippine Highway Act of 1953": *Provided, however,* That the amount necessary to maintain and equip the Land Transportation Commission but not to exceed fifteen per cent of the total collections during anyone year, shall be set aside for the purpose.

ARTICLE III- *Final Provisions*

SEC. 62. No provincial board, city or municipal board or council shall enact or enforce any ordinance or resolution in conflict with the provisions of this Act, or prohibiting any deputy or agent of the Commission to enforce this Act within their respective territorial jurisdiction and the provisions of any 'charter to the contrary notwithstanding.

SEC. 63. *Repeal of laws and ordinances.*-Act Numbered Thirty-nine hundred ninety-two, as amended, and all laws, executive orders, ordinances, resolutions, regulations, or parts thereof in conflict with the provisions of this Act are repealed: *Provided, however,* That nothing contained in this Act shall be construed as limiting or superseding any provision of the Public Service Act, as amended, with respect to the control by the Public Service Commission of motor vehicles operating as public service, nor shall any provision of this Act be construed as limiting or abridging the powers conferred upon and exercised by the Public Service Commission with regards to the control and supervision of the operation of such motor vehicles as public service.

SEC. 64. *Appropriation.*-To carry out effectively the provisions of this Act, the amount of two hundred fifty thousand pesos is hereby appropriated out of the fees collected under this Act, in addition to the appropriations provided in the General Appropriations Act, for the expense of this Commission for the fiscal year beginning July first, nineteen hundred and sixty-four, to June thirtieth, nineteen hundred and sixty-five: *Provided, however,* That any savings in the appropriations of the Motor Vehicles Office for the fiscal year beginning July first, nineteen hundred and sixty-three, to June thirtieth, nineteen hundred and sixty-four shall likewise be available for this purpose.

SEC. 65. *Separability*.-If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 66. *Effectivity*.-This Act shall take effect upon its approval.

Approved, June 20, 1964.

Fifth Congress of the Republic of the Philippines Third Session

Begun and held in the City of Manila on Monday, the twenty-seventh
day of January, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4146]

AN ACT TO AMEND SECTION TWO OF REPUBLIC ACT NUMBERED FOURTEEN HUNDRED AND SEVEN, ENTITLED "AN ACT TO BE KNOWN AS 'THE PHILIPPINE OVERSEAS SHIPPING ACT OF NINETEEN HUNDRED AND FIFTY-FIVE."

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

SECTION1. Section two of Republic Act Numbered Fourteen hundred and seven is amended to read as follows:

"SEC. 2. In pursuance of the above-declared policy any citizen of the Philippines, or any association or corporation organized under the laws of the Philippines, at least' sixty per' cent of the capital of which is owned by citizens of the Philippines, engaged or which shall engage exclusively in the overseas shipping business, or in the construction of modern boats for overseas service shall be exempt from the payment of income tax on income derived from his or its overseas shipping business for a period of ten years from the date of approval of this Act and for another five years after the expiration of said period, provided that all those who avail themselves of the loan assistance in this Act shall invest all net profits realized during that period in the - construction, purchase, or acquisition of additional vessels and equipment and/or in the improvement of its vessels and equipment."

SEC. 2. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 18, 1964.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 19, 1964.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Fifth Congress of the Republic of the Philippines Third Session

Begun and held in the City of Manila on Monday, the twenty-seventh
day of January, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4147]

AN ACT GRANTING A FRANCHISE TO FILIPINAS ORIENT AIRWAYS, INCORPORATED, TO ESTABLISH AND MAINTAIN AIR TRANSPORT SERVICE IN THE PHILIPPINES AND BETWEEN THE PHILIPPINES AND OTHER COUNTRIES.

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

SECTION1. There is hereby granted to Filipinas Orient Airways, Incorporated, hereinafter called the grantee, a franchise to establish, operate and maintain transport services for the carriage of passengers, mail, industrial flights and cargo by air in and between any and all points and places throughout the Philippines and other countries.

SEC. 2. Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled or non-scheduled air transport services in and between any and all points and places throughout the Philippines as well as between the Philippines and other countries at such frequencies as traffic needs may require.

SEC. 3. The grantee shall fix just, reasonable and uniform rates for the transportation of passengers and freight, subject to the regulations and approval of the Civil Aeronautics Board or such other regulatory agency as the Government may designate for this purpose. Any order of the Civil Aeronautics Board made under this section shall be subject to review by the courts.

All aircraft used by the grantee and the flight crew members operating such aircraft shall be licensed by the Government of the Philippines and, together with its accessories and equipment, shall at all times be in airworthy condition; it shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Civil Aeronautics Administration or of such other regulatory body as the Government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Civil Aeronautics Administration whose decisions on technical matters shall be binding until revoked or annulled by the Department Head under whose control this office falls or by the courts for excess or abuses of jurisdiction.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six and the regulations promulgated thereunder from time to time.

SEC. 4. Subject to such terms and conditions as the Philippine Government may prescribe, the grantee may use such landing and replenishment facilities on land or water as may be maintained or owned by the Government within the Philippines on the grantee's lines, excepting those which, in the opinion of said Government, may not be used by the grantee because of military or naval considerations, and, reciprocally, the Philippine Government shall have the

right to use the landing and replenishment facilities on land or water maintained or owned by the grantee in the Philippines.

SEC. 5. The grantee shall have the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction finding, and other radio aids to air navigation, using such wave lengths as shall be in accordance with the rules and regulations made from time to time by the Philippine Government; but the wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and, messages relating to the grantee's aircraft and other matters in connection with the grantee's service.

SEC. 6. The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those who have international routes.

SEC. 7. In case of war, insurrection, domestic trouble, public calamity or national emergency, the Philippine Government, upon order of the President, shall, have the right to take over and operate the equipment of the grantee, paying for its use or damages.

SEC. 8. The grantee shall be subject to the laws of the Philippines now existing or hereafter enacted.

SEC. 9. With the approval of the Chief Executive of the Philippine Government and subject to the limitations and procedure prescribed by law, the grantee shall be authorized to exercise the right of eminent domain as maybe reasonably necessary for its stations, landing fields, hangars, docks, ramps, wireless stations and other structures in connection with the grantee's activities.

No private property shall be taken for any purpose by the grantee without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority to, take and occupy land contained herein shall not apply to the taking, use or occupation of any land except such as is required for the actual purpose for which this franchise is granted."

SEC. 10. It shall be unlawful for the grantee to use, employer contract for the labor of persons held in involuntary servitude.

SEC. 11. The grantee shall hold the national, provincial and municipal governments of the Philippines, harmless from all claims, accounts, demands, or actions arising out accidents or injuries, whether to property or to persons, caused by the operation of the service under the franchise hereby granted.

SEC. 12. In consideration of the franchise and rights hereby granted, the grantee shall pay to the National Government during the life of this franchise a tax of two percent of the gross revenue or gross earnings derived by the grantee from its operation under this franchise. Such tax shall be payable quarterly and shall be in lieu of all taxes of any kind, nature or description, levied, established or collected by any municipal, provincial or national authority: *Provided*, That if, after the audit of the accounts of the grantee by the Commissioner of Internal Revenue, a deficiency tax is shown to be due, the deficiency tax shall be payable within ten days from the receipt of the assessment. The grantee shall pay the tax on its real property in conformity with existing law.

SEC. 13. The grantee shall keep an account of the gross receipts, revenues or earnings of the business transacted by it and shall furnish the Commissioner of Internal Revenue a quarterly report of such gross receipts, revenues or earnings during the month next following the close of the quarter. For the purpose of verification of gross receipts, revenues or earnings and for assessment of the franchise tax due on such gross receipts, revenues or earnings as rendered to the Commissioner of Internal Revenue, all the books and accounts of the grantee shall be kept in the Philippines, and shall be subject to inspection by the Commissioner of Internal Revenue or his authorized representatives. The audit and approval of such accounts by the Commissioner of Internal Revenue shall be final and conclusive as to the determination of the amount of said gross receipts, revenues or earnings except that the grantee shall have the right to appeal to the courts of the Republic of the Philippines in the manner provided for by laws of the Republic of the Philippines.

The words "gross' receipts," "revenue," and "earnings" are herein defined as the total receipts obtained from transportation services, or revenues derived from other services or earnings realized from the disposition of equipment by the grantee through its operation under this franchise.

SEC. 14. This franchise is granted with the understanding that the grantee is a corporation sixty per cent of the capital stock of which is the *bona fide property* of citizens of the Philippines and that the interest of such citizens in its capital stock or in the capital or the Company with which it may merge shall at no time be allowed to fall below such percentage, under the penalty of the cancellation of this franchise.

SEC. 15. This franchise shall not be interpreted to mean an exclusive grant of the privileges herein provide for.

SEC. 16. This franchise is granted with the understanding that it shall be subject to amendment, alteration, or repeal by the Congress of the Philippines.

SEC. 17. The term of the franchise shall be fifty years from the date of the acceptance of this Act by the grantee.

SEC. 18. This franchise shall not be valid unless the grantee accepts the same within two years after its approval, filing such acceptance in writing with the Civil Aeronautics Board.

SEC. 19. The grantee shall execute a bond of twenty thousand pesos in favor of the Philippine Government, in form and with sureties satisfactory to the Civil Aeronautics Board, conditioned upon the establishment and operation of any of the lines which the grantee may decide to operate within one year from the acceptance of this franchise. If the grantee shall fail to execute such bond and commences operation within the term mentioned, the franchise shall be *ipso facto* cancelled. After a year of satisfactory operation, the bond therefor shall be cancelled by the Civil Aeronautics Board.

SEC. 20. The grantee shall not, without the previous approval of the Congress of the Philippines, lease, transfer, grant the usufruct of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation or other mercantile or legal entity, nor merge with any other company or corporation organized for the same or any other purpose. Any corporation to which this franchise may be sold, transferred or assigned or with which the grantee may merge with the approval above-mentioned, shall be subject to the corporation laws of the Philippines now existing or hereafter enacted, and any person, firm, company, corporation or other commercial or legal entity to which this franchise may be validly sold, transferred or assigned or with which the grantee may merge, shall be subject to all the conditions, terms, restrictions and limitations of this franchise as fully and completely and to the same extent as if the franchise had been originally granted to the same person, firm, company, corporation or other commercial or legal entity.

The abandonment by the grantee for one year of any of the lines covered by this franchise shall give rise to the cancellation of the franchise as regards to the line so abandoned upon judicial proceedings instituted by the Secretary of Commerce and Industry.

SEC. 21. If the grantee should commit any substantial violation of any provision of this Act, it shall forfeit all its privileges, franchises and grants to engage in business in the Philippines upon an action or proceeding instituted for said purpose in any competent court by any officer of the Philippine Government, or by virtue of a complaint filed by any Philippine citizen, in conformity with such rules and regulations as the Congress of the Philippines may prescribe, and it shall, besides, be deemed guilty of a violation of the law and shall be punished by a fine of not more than twenty thousand pesos, in proceedings identical with those provided for ordinary civil cases.

SEC. 22. The planes or aircraft of the grantee used for international flights shall be considered national flag carriers of the Philippine Government.

SEC. 23. Upon the termination of this franchise by repeal, forfeiture, annulment or expiration in due course, all public land and other property and the right to occupy and use the same granted to the grantee shall revert to the Philippine Government; and all real property of the grantee not disposed of within two years after the termination of this franchise shall likewise revert to said Government.

SEC. 24. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1964.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 21, 1964.

Secretary of the House

Of Representatives

Approved:
June 20, 1964

President of the Philippines

**Fifth Congress
of the
Republic of the Philippines
Fourth Session**

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4172]

**AN ACT APPROPRIATING FUNDS FOR THE OPERATION
AND MAINTENANCE OF AIRPORTS AND
AIR NAVIGATION FACILITIES.**

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

SECTION1. The following sums, or so much thereof as may be necessary, are appropriated, out of any funds in the National Treasury not otherwise appropriated, for the purposes mentioned hereunder:

(a) For the operation, maintenance and repair of airports, buildings and outside installations therein, including the purchase of necessary materials and supplies.

1. Manila.....	P 400,000.00
2. Alabat.....	5,000.00
3. Allah Valley.....	10,000.00
4. Aparri.....	10,000.00
5. Bacolod	50,000.00
6. Bagabag.....	6,000.00
7. Baguio.....	40,000.00
8. Baler.....	15,000.00
9. Barobe	7,000.00
10. Bancasi	30,000.00
11. Basco.....	10,000.00
12. Buayan.....	10,000.00
13. Bulan	4,000.00
14. Cagayan de Oro	50,000.00
15. Calapan	10,000.00
16. Calbayog	15,000.00
17. Camiguin	6,000.00
18. Catarman	6,000.00
19. Castillejos	7,000.00
20. Cauayan	10,000.00
21. Corregidor	8,000.00
22. Cotabato	40,000.00
23. Cebu (Lahug).....	100,000.00

24. Daet	40,000.00
25. Davao.....	50,000.00
26. Dipolog.....	15,000.00
27. Dumaguete.....	40,000.00
28. Guinan.....	7,000.00
29. Hilongos.....	10,000.00
30. Iba	5,000.00
31. Iloilo.....	50,000.00
32. Jolo.....	15,000.00
33. Jomalig.....	8,000.00
34. Kalibo.....	30,000.00
35. Kiamba.....	5,000.00
36. Laoag.....	30,000.00
37. Legazpi.....	50,000.00
38. Liloy	6,000.00
39. Lingayen.....	5,000.00
40. Lubang	10,000.00
41. Lucena	5,000.00
42. Malabang	10,000.00
43. Malaybalay.....	8,000.00
44. Mamburao	15,000.00
45. Marinduque	10,000.00
46. Maria Cristina	30,000.00
47. Masbate	10,000.00
48., Misamis	20,000.00
49. Naga.....	30,000.00
50. Ormoc.....	7,000.00
51. Palanan	7,000.00
52. Plaridel.....	30,000.00
53. Puerto Princesa	15,000.00
54. Romblon	20,000.00
55. Rosales	6,000.00
56. Rosario.....	15,000.00
57. Roxas.....	30,000.00
58. San Fernando	10,000.00
59. San Jose Buenavista	10,000.00
60. San Jose Mindoro	30,000.00
61. Sanga-Sanga	5,000.00
62. Siargao.....	10,000.00
63. Siocon.....	5,000.00
64. Siquijor.....	7,000.00
65. Sorsogon.....	15,000.00
66. Surigao.....	30,000.00
67. Tacloban.....	40,000.00
68. Tagbilaran.....	40,000.00
69. Tandag	10,000.00
70. Tuguegarao.....	10,000.00
71. Ubay.....	5,000.00
72. Vigan	5,000.00
73. Virac	10,000.00
74. Wasig.....	5,000.00
75. Zamboanga.....	60,000.00
Total	P1,800,000.00

(b) For the operation, maintenance and repair of existing air navigation facilities, including the purchase of necessary materials and supplies:

1. Manila Aeronautical Control Station.....	P130,000.00
2. Manila Aeronautical Transmitting Station.....	150,000.00

3. Manila Receiving Station	37,000.00
4. Rosario NDB (Non Directional Beacon).....	45,000.00
5. Antipolo NDB (Non Directional Beacon).....	11,000.00
6. Lubang VOR (very high frequency omnidirectional radio waves) Station .	50,000.00
7. Jomalig VOR (very high frequency omnidirectional radio waves)	50,000.00
8. Airways Engineering Shop	50,000.00
9. Training School.....	10,000.00
10. Main Office	150,000.00
11. Cabanatuan NDB (Non Directional Beacon)	16,000.00
12. Laoag Aeronautical Station	100,000.00
13. Legazpi Aeronautical Station	25,000.00
14. Alabat NDB (Non Directional Beacon).....	25,000.00
15. Romblon Aeronautical Station	50,000.00
16. Virac Aeronautical Station	5,000.00
17. Cebu Aeronautical Station	125,000.00
18. Tacloban Aeronautical Station	1,000.00
19. Tagbilaran Aeronautical Station	5,000.00
20. Lumbia Aeronautical Station	50,000.00
21. Davao VOR (very high frequency omnidirectional radio waves)	40,000.00
22. Zamboanga Aeronautical Station	55,000.00
23. Baguio Aeronautical Station	20,000.00

Total P1,200,000.00

SEC. 2. The itemization of appropriation herein mentioned may be transferred by the Administrator of the Civil Aeronautics Administration upon approval of the Secretary of Public Works and Communications from one airport to another in an amount not exceeding twenty per cent thereof.

SEC.3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on August 5, 1964.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on August 5, 1964.

*Secretary of the House
Of Representatives*

Approved:
September 13, 1964

President of the Philippines

Fifth Congress of the Republic of the Philippines Fourth Session

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4395]

AN ACT GRANTING ANGEL R. CABATINGAN A
FRANCHISE TO MAINTAIN AND OPERATE A
FERRY SERVICE BETWEEN THE MUNICIPALI~
TY OF SANTA FE, PROVINCE OF CEBU, AND
THE BARRIO OF HAGNAYA IN THE MUNICIPALITY
OF SAN REMIGIO, SAME PROVINCE.

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

SECTION1. Subject to the provisions of Commonwealth Act Numbered One hundred and forty-six, as amended, and to the provisions of the Constitution, there is granted to Angel R. Cabatingan for a period of twenty-five years from the approval of this Act, the right, privilege and authority to maintain and operate a ferry service between the Municipality of Santa Fe in the Province of Cebu and the barrio of Hagnaya in the Municipality of San Remigio, same province.

SEC. 2. It is expressly provided that in the event the Government should desire to maintain and operate for itself the service and enterprise herein authorized, the grantee shall surrender his franchise and will turn over to the Government all serviceable equipment therein, at cost, less reasonable depreciation.

SEC. 3. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 3, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 6, 1963.

*Secretary of the House
Of Representatives*

Approved:
June 18, 1965

President of the Philippines

**Fifth Congress
of the
Republic of the Philippines
Fourth Session**

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4501]

AN ACT GRANTING A FRANCHISE TO AIR MANILA,
INCORPORATED, TO ESTABLISH AND MAINTAIN
AIR TRANSPORT SERVICE IN THE PHILIPPINES
AND BETWEEN THE PHILIPPINES,
AND OTHER COUNTRIES.

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

SECTION1. There is hereby granted to Air Manila, Incorporated, a corporation duly created and existing under Philippine laws, and a holder of a Civil Aeronautics Board permit to operate domestically on a commercial basis, herein after called the grantee, a franchise to establish, operate and maintain transport services for the carriage of passengers, mail, industrial flights and cargo by air in and between, any and all points and places throughout the Philippines and other countries.

SEC. 2. Except in cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled or non-scheduled air transport services in and between, any and all points and places throughout the Philippines as well as the Philippines and other countries at such frequencies as traffic needs may require.

SEC. 3. The grantee shall fix just and reasonable and uniform rates for the transportation of passengers and freight, subject to the regulations and approval of the Civil Aeronautics Board or such other regulatory agencies as the Government may designate for this purpose. Any order of the Civil Aeronautics Board made under this section shall be subject to review by the courts. All aircrafts used by the grantee and the flight crew members operating such aircraft shall be licensed by the proper agencies of the Philippine Government and together with the accessories and equipment, shall at all times be airworthy; they shall be equipped with radio communications and such other equipment which will insure the safety of the passengers and cargo and shall be operated and maintained in accordance with regulations and technical requirements of the Civil Aeronautics Administration or of such other regulatory body as the Philippine Government may prescribe for this purpose. The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Civil Aeronautics Administration, whose decisions on technical matters shall be binding until revoked or annulled by the department head under whose control this office falls or by the courts for excess or abuse of jurisdiction. The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six and the regulations promulgated thereunder from time to time.

SEC. 4. Subject to such terms and conditions as the Philippine Government may prescribe, the grantee may

use such landing and replenishment facilities on land, water or air as may be maintained or owned by the government within the Philippines on the grantee's lines, excepting those which, in the opinion of said government, may not be used by the grantee because of military or naval considerations, and, reciprocally, the Philippine Government shall have the right to use the landing and replenishment facilities on land, water or air maintained or owned by the grantee in the Philippines.

SEC. 5. The grantee shall have the right at its terminals, offices and landing fields, as well as in its aircrafts, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction finding, and other radio aids to air navigation, using such wave lengths as shall be in accordance with the rules and regulations prescribed from time to time by the Philippine Government; but the wireless communications facilities shall be used solely for receiving and transmitting weather forecasts and messages relating to the grantee's aircraft and other matters in connection with the grantee's services.

SEC. 6. The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation, maintenance and/or servicing contracts, and such other contracts relating to air transport with other airlines, whether foreign or domestic, particularly with those having international routes.

SEC. 7. In case of war, insurrection, or national emergency, the Philippine Government, upon order of the President, shall have the right to take over and operate the equipment of the grantee, as long as the emergency exists, paying for its use or damages.

SEC. 8. The grantee shall be subject to the laws of the Philippines now existing or hereafter enacted.

SEC. 9. With the approval of the Chief Executive of the Philippine Government and subject to the limitations and procedures prescribed by law, the grantee shall be authorized to exercise the right of eminent domain as may be reasonably necessary for its stations, landing fields, hangars, docks, ramps, telephone and telegraph lines and wireless stations and other structures in connection with the grantee's activities. No private property shall be taken for any purpose by the grantee without proper condemnation proceedings and just compensation paid therefor, and any authority to take and occupy land contained herein shall not apply to the taking, use or occupation of any land except such as is required for the actual purpose for which this franchise was granted.

SEC. 10. It shall be unlawful for the grantee to use, employ, or contract for the services of persons held in involuntary servitude.

SEC. 11. The grantee shall hold the national, provincial, and municipal governments of the Philippines harmless of all claims, accounts, demands or actions arising out of accidents or injuries whether to property or to persons, caused by the operation of the service under the franchise hereby granted.

SEC. 12. In consideration of the franchise and rights hereby granted, the grantee shall pay to the national government during the life of this franchise, a tax of two per cent of the gross revenue or gross earnings derived by the grantee from its operation under this franchise. Such tax shall be payable quarterly and shall be in lieu of all taxes of any kind, nature or description levied, established, or collected by any municipal or city, provincial or national authority: *Provided*, That if, after the audit of the accounts of the grantee by the Commissioner of Internal Revenue, a deficiency tax is shown to be due, the deficiency tax shall be payable within ten days from the receipt of the assessment. The grantee shall pay the tax on its real property in conformity with existing laws.

SEC. 13. The grantee shall keep an account of the gross receipts, revenues or earnings of the business transacted by it and shall furnish the Commissioner of Internal Revenue a quarterly report of such gross receipts, revenues or earnings during the month next following the close of the quarter. For the purpose of verification of gross receipts, revenues or earnings and for assessment of the franchise tax due on such gross receipts, revenues or earnings as rendered to the Commissioner of Internal Revenue, all the books and accounts of the grantee shall be kept in the Philippines, and shall be subject to inspection by the Commissioner of Internal Revenue or his authorized representatives. The audit and approval of such accounts by the Commissioner of Internal Revenue shall be final and conclusive as to the determination of the amount of said gross receipts, revenues or earnings, except that the grantee shall have the right to appeal to the courts of the Republic of the Philippines in the manner provided for by laws of the Republic of the Philippines. The words "gross receipts," "revenues" and "earnings" are herein defined as the total receipts obtained from transportation services or revenues derived from other services or earnings realized from the disposition of equipment by the grantee through its operations under this franchise.

SEC. 14. This franchise is granted with the understanding that the grantee is a corporation, sixty per cent of the capital stock of which is owned or the *bona fide* property of citizens of the Philippines and that the interest of such citizens in its capital stock or in the capital of the company with which it may merge shall at no time be allowed to fall below such percentage, under the penalty of the cancellation of this franchise.

SEC. 15. This franchise shall not be interpreted to mean an exclusive grant of the privileges herein provided for.

SEC. 16. This franchise is subject to amendments, alterations or repeal by the Congress of the Philippines, in accordance with the laws of the land.

SEC. 17. The term of the franchise shall be fifty years from the date of approval of this Act.

SEC. 18. The grantee shall not, without the previous approval of the Congress of the Philippines, lease, transfer, grant the use of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation or other legal entity nor merge with any other company or corporation organized for the same or any other purposes. Any corporation to which this franchise may be sold, transferred or assigned or with which the grantee may merge with the approval above-mentioned, shall be subject to the corporation laws of the Philippines now existing or hereafter enacted; and any person, firm, company or commercial or legal entity to which this franchise may be validly transferred or sold or assigned shall be subject to all the conditions, terms, restrictions, and limitations of this franchise, as fully and completely and to the same extent as if the franchise had been originally granted to the same person, company, firm, corporation, or other commercial or legal entity. The abandonment by the grantee for one year of any of the lines covered or all of the lines, by this franchise shall give rise to the cancellation of the franchise as regard the line so abandoned upon judicial proceeding instituted by the Secretary of Commerce and Industry.

SEC. 19. If the grantee should commit any substantial violation of any provision of this Act, it shall forfeit all its privileges, franchises and grants to engage in business in the Philippines upon an action or proceeding instituted for such purpose in any competent court by any officer of the Philippine Government or by virtue of a complaint filed by any Philippine citizen, in conformity with such rules and regulations as the Congress of the Philippines may prescribe, and it shall, besides, be deemed guilty of a violation of the law and shall be punished by a fine of not more than twenty thousand pesos, in proceedings identical with those provided for ordinary civil cases.

SEC. 20. Upon termination of this franchise by repeal, forfeiture, annulment or expiration in due course, all public land and the right to occupy and use the same granted to grantee shall revert to the Philippine Government; and all real properties of the grantee not disposed of within two years after the termination of this franchise shall likewise revert to said government.

SEC. 21. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1965.

*Secretary of the House
Of Representatives*

Approved:
June 19, 1965

President of the Philippines

Fifth Congress of the Republic of the Philippines Fourth Session

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4511]

AN ACT GRANTING PHILIPPINE PRESIDENT LINES,
INC., A CORPORATION ENGAGED EXCLUSIVELY
IN THE OVERSEAS SHIPPING BUSINESS, A TEMPORARY
PERMIT TO CONSTRUCT, ESTABLISH,
MAINTAIN AND OPERATE PRIVATE FIXED
POINT-TO-POINT AND PRIVATE COASTAL RADIO
STATIONS, MOBILE LAND, SEA AND AIR
RADIO STATIONS FOR THE RECEPTION AND
TRANSMISSION OF RADIO COMMUNICATIONS
WITHIN THE PHILIPPINES.

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

SECTION 1. There is hereby granted to Philippine President Lines, Inc., a corporation engaged exclusively in the overseas shipping business, its successors and assigns, a temporary permit to construct, establish, maintain and operate in the Philippines, at such places as said grantee may select subject to the approval of the Secretary of Public Works and Communications, private fixed point-to-point and private coastal radio stations, mobile land stations, mobile sea stations and mobile air stations as well as point-to-point field stations for communications from point-to-point ground, land point to mobile air, land or sea, mobile air to air, sea or land, mobile sea to air, sea or land and ships of the grantee for the reception and transmission of wireless messages on radiotelegraph, radiotelephone, radio teletype or such other types of emissions as may, in the future, be made possible which may include corresponding relay stations as are or may be necessary, each station to be provided with a radio transmitting apparatus and a radio receiving apparatus. Said grantee is authorized to use any combination of these facilities for the efficiency and safety of its operations.

SEC. 2. The President of the Philippines shall have the power and authority to permit the location of said private fixed point-to-point and private coastal radio stations, mobile land stations, mobile sea stations and mobile air stations as well as point-to-point field stations for communications from point-to-point ground, land point to mobile air, land or sea, mobile air to air, sea or land, mobile sea to air, sea or land and ships of the grantee or any of them on lands of the public domain upon such terms as he may prescribe.

SEC. 3. This temporary permit shall exist and continue while the overseas shipping business continues to be in operation by the grantee and is granted upon the express condition that the same shall be void unless the construction of said stations be begun within two years from the date of approval of this Act and completed within four years from said date.

SEC. 4. A special right is reserved to the President of the Philippines in time of war, rebellion, public peril,

calamity, disaster or disturbance of peace and order, to cause the closing of said stations or to authorize the temporary use and operation thereof by any department of the Government upon payment of just compensation to the grantee for the use of said stations during the period when they shall be so operated.

SEC. 5. This temporary permit shall not take effect until the Secretary of Public Works and Communications shall have allotted to the grantee the frequencies and wave lengths to be used thereunder, but the grantee, its successors or assigns, may use the international distress frequency of five hundred kilocycles and high distress frequency of eight thousand two hundred eighty kilocycles whenever necessary.

SEC. 6. The grantee, its successors or assigns, shall not engage in domestic business of telecommunications in the Philippines without further special assent of the Congress of the Philippines, it being understood that the purpose of this temporary permit is to secure to the grantee the right to construct, establish, maintain and operate private fixed point-to-point and private coastal radio stations, mobile land stations, mobile sea stations, mobile air stations, and communications from point-to-point ground, land point to mobile air, land or sea, mobile air to air, sea or land, mobile sea to air, sea or land and ships of the grantee within the Philippines as the interest of the company and its trade and business may justify.

SEC. 7. No fees are chargeable, as the radio stations that may be established by virtue of this Act shall engage in communications regarding the grantee's business only.

SEC. 8. The grantee, its successors and assigns, shall so construct and operate its radio stations as not to interfere with the operation of other radio stations maintained and operated in the Philippines.

SEC. 9. The grantee, its successors and assigns, shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of its radio stations.

SEC. 10. The grantee, its successors and assigns, shall be subject to the corporation laws of the Philippines now or hereafter existing.

SEC. 11. This temporary permit shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted as an exclusive grant of the privilege herein provided for.

SEC. 12. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 7, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on April 23, 1965.

*Secretary of the House
Of Representatives*

Approved:
June 19, 1965

President of the Philippines

Fifth Congress of the Republic of the Philippines Fourth Session

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4530]

AN ACT GRANTING CESAR T. ROSALES A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE A HYDROFOIL AND/OR SHIP FERRY SERVICE FOR PASSENGERS AND FREIGHT LINKING THE PROVINCES AND ISLANDS OF LUZON, MARINDUQUE, MINDORO, MASBATE, ROMBLON AND PANAY.

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

SECTION1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to Cesar T. Rossales, for a period of twenty-five years from the approval of this Act, the right, privilege and authority to establish, maintain and operate a hydrofoil and/or ship ferry service for passengers and freight linking the provinces and islands of Luzon, Marinduque, Mindoro, Masbate, Romblon, and Panay, and to establish a 'schedule of rates therefor, which shall at all times be subject to regulation by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within one year from the date of the approval of this Act, files with the Public Service Commission his acceptance of the terms and conditions stipulated in this Act.

SEC. 2. Within one year after the acceptance of the franchise granted hereunder and in accordance with the conditions herein stipulated, the grantee shall put in operation an adequate and efficient hydrofoil and/or shipping ferry service linking the provinces mentioned in the preceding section. The hydrofoils and/or ferryboats operated by the grantee and the equipment thereof shall meet the requirements prescribed by the Public Service Commission, and the grantee, whenever the Public Service Commission has determined that public interest reasonably requires it, shall change or improve any of said hydrofoils or ferryboats or the equipment thereof at his expense.

SEC. 3. The grantee binds himself to provide in his hydrofoils or ferryboats a suitable and adequate place for the mail and shall carry them in the manner stipulated between the Postmaster General and the said grantee for such consideration as may be agreed upon between them, and in case of failure to arrive at an agreement as to the rate of compensation and the manner in which such mail shall be carried, the Public Service Commission shall fix the manner of, and compensation for, carrying said mail, after hearing and considering the arguments of the said Postmaster General and grantee: *Provided*, That in case the Government requires the transportation of troops, ammunition or funds for the public good, the grantee shall receive a reasonable compensation for such service.

SEC. 4. The books, records and accounts of the grantee shall always be open to the inspection of the City Treasurer of Lucena City or his authorized representative, and it shall be the duty of the grantee to submit to the National Treasurer quarterly reports in duplicate showing the gross receipts for passengers and freight for the past

quarter and the general condition of the business, one of which shall be forwarded by the National Treasurer to the Auditor General, who shall keep the same on file.

SEC. 5. The grantee shall be liable to pay the 'same taxes on his real property, building, and personal property as other persons or corporations are now or hereafter may be required by law to pay. The grantee shall further be liable to pay all other taxes imposable under the National Internal Revenue Code by reason of this franchise.

SEC. 6. The grantee, upon prior approval of the Congress of the Philippines, may sell, lease, grant, convey, assign, give in usufruct, or transfer this franchise and all property and rights acquired thereunder to any individual, copartnership, private, public or quasi-public association, corporation or joint-stock company competent to operate the business hereby authorized, but transfer of title to the franchise or any right of ownership or interest acquired under such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer shall not be effective, even after such approval shall have been obtained, until there shall have been filed with the Public Service Commission an agreement in writing by which the individual, co-partnership, private, public or quasi-public association, corporation, or joint-stock company in whose favor such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer is made, shall be firmly bound to comply with all the terms and conditions imposed upon the grantee by the franchise and to accept the same, subject to all existing terms and conditions.

SEC. 7. The Public Service Commission shall have the power after a reasonable written notice to the grantee and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms and conditions hereof unless such failure shall have been directly and primarily caused by an act of God, *force majeure*, usurped right, uprising or other causes beyond the grantee's control. Against such declaration of forfeiture by the Public Service Commission, the grantee may apply for the remedies provided in Sections thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC. 8. In the event of any competing individual, association of persons, or corporation receiving from the Congress of the Philippines a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage, then such term or terms shall *ipso facto* become a part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individual, association of persons or corporation.

SEC. 9. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent Cesar T. Rosales, his representative, successors or assigns.

SEC. 10. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privilege herein provided.

SEC. 11. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1965

*Secretary of the House
Of Representatives*

Approved:
June 19, 1965

President of the Philippines

Fifth Congress of the Republic of the Philippines Fourth Session

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4534]

AN ACT GRANTING JOP ANE FERRY A FRANCHISE
TO ESTABLISH, MAINTAIN AND OPERATE A
FERRY SERVICE FOR PASSENGER AND
FREIGHT VEHICLES FROM ANY POINT IN THE
SUBPROVINCE OF CAMIGUIN TO THE MUNICIPALITY
OF BALINGO-AN IN THE PROVINCE OF
MISAMIS ORIENTAL AND THE CITIES OF GINGOOG
AND CAGAYAN DE ORO AND VICE VERSA
BETWEEN ANY OTHER FOCAL POINTS OF
TRADE AND TRANSHIPMENT.

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

SECTION1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to the Jopane Ferry for a period of twenty-five years from the approval of this Act, the right, privilege and authority to establish, maintain and operate a ferry service for passengers, freight and vehicles from any point in the Subprovince of Camiguin to the Municipality of Balingo-an in the Province of Misamis Oriental and the cities of Gingoog and Cagayan de Oro and vice versa between any other focal points of trade and transhipment, and to establish a schedule of rates therefor, which shall at all times be subject to regulation by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within two years from the date of the approval of this Act, files with the Public Service Commission, its acceptance of the terms and conditions stipulated in this Act.

SEC. 2. Within two years after the acceptance of the franchise granted hereunder and in accordance with the conditions herein stipulated, the grantee shall put in operation an adequate and efficient ferry service between the municipalities and the islands mentioned in the preceding section. The ferryboats to be operated by the grantee and the equipment thereof must meet the requirements prescribed by the Public Service Commission, and the grantee, whenever the Public Service Commission shall determine that public interest reasonably requires it, shall change or improve any of said ferryboats or the equipment thereof at its expense.

SEC. 3. The grantee binds itself to provide in its ferryboats a suitable and adequate place for the mails and shall carry them in the manner stipulated between the Postmaster General and the said grantee, for such consideration as may be agreed upon between them, and in case of failure to arrive at an agreement as to the rate of compensation and the manner in which such mails shall be carried, the Public Service Commission shall fix the manner of, and compensation for, carrying said mails after hearing and considering the arguments of the Postmaster General and the grantee: *Provided*, That in case the Government requires the transportation of troops, ammunition or funds for the public good, the grantee shall take the necessary steps to comply therewith and shall receive a reasonable compensation for such service.

SEC.4. The grantee shall be liable to pay the same taxes on its real property, buildings and personal property as other persons or corporations are now or hereafter may be required by law to pay. The grantee shall further be liable to pay all other taxes imposable under the National Internal Revenue Code by reason of this franchise.

SEC. 5. The grantee may sell, lease, grant, convey, assign, give in usufruct, or transfer this franchise and all properties and rights acquired thereunder to any individual, co-partnership, private, public or quasi-public association, corporation or joint-stock company competent to operate the business hereby authorized, but transfer of title to the franchise or any right of ownership or interest acquired under such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer shall not be effective, even after such approval shall have been obtained, until there shall have been filed in the office of the Public Service Commission an agreement in writing by which the individual, copartnership, private, public or quasi-public association, corporation or joint-stock company in whose favor such sale, lease, grant, conveyance, assignment, gift in usufruct or transfer is made, shall be firmly bound to comply with all the terms and conditions imposed upon the grantee by this franchise and to accept the same, subject to all existing terms and conditions.

SEC. 6. The Public Service Commission shall have the power, after a reasonable written notice to the grantee and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms and conditions thereof, unless such failure shall have been directly and primarily caused by an act of God, *force majeure*, usurped right, uprising or other cause beyond the grantee's control. Against such declaration of forfeiture by the Public Service Commission, the grantee may apply for the remedies provided in Sections thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC. 7. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent the Jopane Ferry, its representatives, successors or assigns.

SEC. 8. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privilege herein provided.

SEC. 9. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1965.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Fifth Congress of the Republic of the Philippines Fourth Session

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4536]

AN ACT CREATING THE OFFICE OF HEALTH SERVICES IN THE LAND TRANSPORTATION COMMISSION AND AUTHORIZING THE APPROPRIATION OF THE NECESSARY FUNDS THEREFOR

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

SECTION1. There is hereby created the Office of Health Services in the Land Transportation Commission, which shall be under the supervision and control of the Commissioner. The technical management, operation and overall control and supervision of said office shall be under the Chief, Medical Division IV, to be appointed by the Secretary of Public Works and Communications. The Chief, Medical Division IV, shall receive an annual compensation of ten thousand seven hundred and seventy-six pesos. He shall be assisted by such other personnel as may be necessary, likewise to be appointed by the Secretary of Public Works and Communication, to carry out the duties pertaining to said Office.

SEC. 2. The sum of seventy-three thousand pesos, or so much thereof as may be necessary, is hereby authorized to be appropriated, out of any funds in the National Treasury not otherwise appropriated, to carry out the purpose of this Act. Thereafter, the necessary sum as may be needed for the same purpose shall be included in the annual General Appropriations Act.

SEC. 3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 11, 1965.

*Secretary of the House
Of Representatives*

Approved:
June 19, 1965

President of the Philippines

Fifth Congress of the Republic of the Philippines Fourth Session

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4547]

AN ACT GRANTING ALEX REYES, JR. AND CO., A
TEMPORARY PERMIT TO ESTABLISH, MAINTAIN
AND OPERATE PRIVATE FIXED POINT-TO-
POINT AND PRIVATE COASTAL RADIO STATIONS,
MOBILE LAND STATIONS, MOBILE SEA
STATIONS AND MOBILE AIR STATIONS AS
WELL AS POINT-TO-POINT FIELD STATIONS
FOR COMMUNICATIONS FROM POINT-TO-POINT
GROUND, LAND POINT TO MOBILE AIR, LAND
OR SEA, MOBILE AIR TO AIR, SEA OR LAND,
MOBILE SEA TO AIR, SEA OR LAND FOR THE
RECEPTION AND TRANSMISSION OF RADIO
COMMUNICATIONS WITHIN THE PHILIPPINES.

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

SECTION1. There is hereby granted to Alex Reyes, Jr., and Co., a temporary permit to establish, maintain and operate in the Philippines, at such places as the said company may select, subject to the approval of the Secretary of Public Works and Communications, private fixed point-to-point and private coastal radio stations, mobile land stations, mobile sea stations and mobile air stations as well as point-to-point field stations for communications from point-to-point ground, land point to mobile air, land or sea, mobile air to air, sea or land, mobile sea to air, sea or land for the reception and transmission of wireless messages on radiotelegraphy or radiotelephony, each station to be provided with a radio transmitting apparatus and a radio receiving apparatus.

SEC. 2. This temporary permit shall continue to be in force during the time that the Government has not established similar service at the places selected by the grantee, but not exceeding twenty-five years, and is granted upon the express condition that the same shall be void unless the construction or installation of said stations be begun within two years from the date of approval of this Act and be completed within five years from said date.

SEC. 3. The grantee, its successors or assigns, shall not engage in domestic business of telecommunications in the Philippines without further special assent of the Congress of the Philippines, it being understood that the purpose of this temporary permit is to secure to the grantee the right to establish, maintain and operate private radio stations in such places within the Philippines as the interest of the grantee may justify.

SEC. 4. No fees shall be charged by the grantee as the radio stations that may be established by virtue of this Act shall engage in communications regarding the grantee's business only.

SEC. 5. The grantee, its successors or assigns, shall so construct and operate its radio stations as not to interfere with the operations of other radio stations maintained and operated in the Philippines.

SEC. 6. The grantee shall hold the national, provincial, city and municipal governments harmless from all claims, accounts, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of its radio stations.

SEC. 7. The grantee shall be subject to the corporation laws of the Philippines now existing or hereafter enacted.

SEC. 8. The grantee is authorized to operate its private radio stations in the medium frequency, high frequency, and very high frequency that may be assigned to it by the Secretary of Public Works and Communications.

SEC. 9. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this temporary permit, nor the rights or privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other person, company or corporation organized for the same purpose, without the approval of the Congress of the Philippines first had. Any corporation to which this temporary permit may be sold, transferred, or assigned, shall be subject to the corporation laws of the Philippines, now existing or hereafter enacted, and any person, firm, company, corporation or other commercial or legal entity to which this temporary permit is sold, transferred, or assigned shall be subject to all conditions, terms, restrictions and limitations of this temporary permit as fully and completely and to the same extent as if the temporary permit had been originally granted to the said person, firm, company, corporation or other commercial or legal entity.

SEC. 10. A special right is hereby reserved to the President of the Philippines in time of war, insurrection, public peril, emergency, calamity or disaster to cause the closing of the grantee's radio stations or to authorize the temporary use or possession thereof by any department of the Government upon payment of just compensation.

SEC. 11. This temporary permit shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted as an exclusive grant of the privilege herein provided for.

SEC. 12. This Act shall take effect upon its appro

Approved

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1965.

*Secretary of the House
Of Representatives*

Approved:
June 19, 1965

President of the Philippines

Fifth Congress of the Republic of the Philippines Fourth Session

Begun and held in the City of Manila on Monday, the third
day of August, nineteen hundred and sixty-four

[REPUBLIC ACT NO. 4582]

AN ACT GRANTING ALDYMAC, INC., A FRANCHISE:
TO ESTABLISH AND OPERATE FERRY SERV-"
ICES BETWEEN THE MUNICIPALITY OF VIRAC,
PROVINCE OF CATANDUANES, AND LEGAZPI:
CITY; BETWEEN THE MUNICIPALITY OF
ALLEN, PROVINCE OF SAMAR, AND THE CITY
OF LEGAZPI; BETWEEN THE MUNICIPALITY
OF MASBATE, PROVINCE OF MASBATE, AND
THE CITY OF LEGAZPI; AND BETWEEN THE
MUNICIPALITY OF MASBATE, PROVINCE OF
MASBATE, AND THE MUNICIPALITY OF SORSOGON,
PROVINCE OF SORSOGON.

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

SECTION1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to Aldymac, Inc., for a period of twenty-five years from the approval of this Act, the right, privilege and authority to establish and operate ferry services for passengers and freight between the Municipality of Virac, Province of Catanduanes, and Legazpi City; between the Municipality of Allen, Province of Samar, and the City of Legazpi between the Municipality of Masbate, Province of Masbate, and the City of Legazpi and between the Municipality of Masbate, Province of Masbate; and the Municipality of Sorsogon, Province of Sorsogon, and to establish a schedule of rates therefor, which shall at all times be subject to regulation by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within ninety days from the date of the approval of this Act, files with the Public Service Commission his acceptance of the terms and conditions stipulated in this Act.

SEC. 2. Within ninety days after the acceptance of the franchise granted hereunder and in accordance with the conditions herein stipulated, the grantee shall put in operation an adequate and efficient ferry services between the city and the municipalities mentioned in the preceding section. The ferryboats operated by the grantee and the equipment thereof shall meet the requirements prescribed by the Public Service Commission, and the grantee shall, whenever the Public Service Commission shall determine -that public interest reasonably requires it, change or improve any of said ferryboats or the equipment thereof :at grantee's expense.

SEC. 3. The grantee binds himself to provide the ferryboats a suitable and adequate place for the mails and shall carry them in the manner stipulated between the Postmaster General and the said grantee, for such consideration

as may be agreed upon between them, and in case of failure to arrive at an agreement as to the rate of compensation and the manner in which such mails shall be carried, the Public Service Commission shall fix the manner of, and compensation for, carrying said mails, after hearing and considering the arguments of the said Postmaster General and grantee: *Provided*, That in case the Government requires the transportation of troops, ammunition or funds for the public good, the grantee shall receive a reasonable compensation for such service.

SEC. 4. The books, records! and accounts of the grantee shall always be open to the inspection of the Auditor General or his authorized representatives, and it shall be the duty of the grantee to submit to the Auditor General quarterly reports in duplicate showing the gross receipts for passengers and freight for the quarter past and the general condition of the business, one of which shall be forwarded by the Auditor General to the National Treasurer, who shall keep the same on file.

SEC. 5. The grantee shall be liable to pay the same taxes on its real property, buildings, and personal property as other persons or corporations are now or hereafter may be required by law to pay. The grantee shall further be liable to pay all other taxes imposable under the National Internal Revenue Code by reason of this franchise.

SEC. 6. The grantee, with the approval of the Congress of the Philippines first had. may sell, lease, grant, convey, assign) give in usufruct, or transfer this franchise and all property and rights acquired thereunder to any individual, co-partnership, private, public or quasi-public association, corporation or joint-stock company competent to operate the business hereby authorized, but transfer of title to the franchise or any right of ownership or interest acquired under such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer shall not be effective, even after such approval shall have been obtained until there shall have been filed in the Public Service Commission an agreement in writing by which the individual, co-partnership, private, public or quasi-public association, corporation or joint-stock company in whose favor such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer is made, shall be firmly bound to comply with all the terms and conditions imposed upon the grantee by this franchise and to accept the same, subject to all existing terms and conditions.

SEC. 7. The Public Service Commission shall have the power, after a reasonable written notice to the grantee and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms' and conditions hereof, unless such failure shall have been directly and primarily caused by an act of God, or *force majeure*, usurped right, uprising or other cause beyond the grantee's' control. Against such declaration of forfeiture by the Public Service Commission the grantee may apply for the remedies provided in Sections thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC. 8. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privilege herein provided.

SEC. 9. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 20, 1965.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 20, 1965.

*Secretary of the House
Of Representatives*

Approved:

June 19, 1965

President of the Philippines

Sixth Congress of the Republic of the Philippines First Session

Begin and held in the City of Manila on Monday, the twentyfourth
day of January, nineteen hundred and sixty-six

[REPUBLIC ACT NO. 4652]

AN ACT GRANTING THE PHILIPPINE MONORAIL
TRANSIT SYSTEM, :INCORPORATED A FRANCHISE
TO ESTABLISH, MAINTAIN AND OPERATE
A MONORAIL TRANSPORTATION SERVICE
IN THE CITY OF MANILA AND SUBURBS AND
CEBU CITY AND PROVINCE.

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

SECTION1. Subject to the conditions established in this Act and the provisions of Commonwealth Act Numbered One hundred and forty-six, as amended, and of the Constitution, there is hereby granted to the Philippine Monorail Transit System, Incorporated, hereinafter called the grantee, its successors or assigns, for a period of fifty years from the approval of this Act, the right, privilege and authority to establish, maintain and operate a mono-rail transportation service for the carriage of passengers and freight in the City of Manila and suburbs and Cebu City and province.

SEC. 2. For the purposes of the monorail transportation service intended in this Act, the grantee hereby binds itself to use equipment, apparatuses, structures and appurtenances that are modern, safe and first class in every respect; and the monorail transportation service, together with requisite installations, shall be maintained at all times in a satisfactory manner so as to be adequate, convenient, efficient and economical. It shall be the further duty of the grantee, its successors or assigns, to modify, improve and change the monorail transportation service in such manner and to such extent as the progress of science, technology and the public need may make reasonable and proper: *Provided*, That the plans and specifications shall be approved by the city and municipal authorities concerned, the Commissioner of Public Highways and the Secretary of Public Works and Communications.

SEC. 3. In the event that the grantee fails to commence construction of the monorail transportation service contemplated in this Act within three years nor commence operation of the service within five years from the approval of this Act, this franchise shall be null and void unless prevented by fortuitous cause or *force majeure*, martial law, riot, civil commotion, usurpation by a military power, or any other reasonable cause beyond the grantee's control: *Provided, however*, That all the time during which the grantee, its successors or assigns may be prevented from carrying out the terms and conditions of this franchise shall be added to the time allowed by this franchise for compliance with its provisions.

SEC. 4. Within sixty days after the approval of this Act, the grantee shall file with the Treasurer of the Philippines a bond in the amount of fifty thousand pesos as an earnest of good faith and a guarantee for full compliance and fulfillment of the terms and conditions under which this franchise is granted.

SEC. 5. The grantee shall have the right, privilege and authority to install, lay, and maintain in, along, under and over all suitable public streets, traffic islands, sidewalks, thoroughfares and highways, provincial roads, streams and other bodies of water; bridges and public squares within the City of Manila and its suburbs and Cebu City and province all such equipment, apparatuses, structures and appurtenances as may be necessary and best adapted for the monorail transportation service intended in this Act: *Provided*, That the plans and specifications shall be approved by the city, province, and municipal authorities concerned, the Commissioner of Public Highways and the Secretary of Public Works and Communications: *Provided, further*, That the grantee shall indemnify any person or corporation for any loss or damage caused to the property of said person or corporation. The supporting and allied structures to be erected by the grantee shall be of such appearance as not to disfigure the streets, and shall be placed or installed with due regard for public safety: *Provided*, That the grantee shall be allowed to render only long run or express services.

SEC. 6. Subject to the requirements of existing laws, the grantee is hereby obliged to install, maintain, operate, purchase or lease for the monorail cars and station such telephone, radio, or other communication systems or devices as are or may be essential or convenient to efficiently carry out the purposes of this franchise.

SEC. 7. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise, nor any rights and privileges acquired thereunder to any individual, company or corporation, nor merge with any other individual, company or corporation. The grantee also shall not sell any share of its capital stock to any person other than the incorporators thereof, before the completion and approval of the feasibility survey of this project.

SEC. 8. In the event of any competing individual, company or corporation, receiving from Congress a similar franchise in which there shall be any term or condition more favorable than anyone herein granted, then such term or condition shall *ipso facto* become part of the terms or conditions hereof, and shall operate equally in favor of the grantee as in the case of said competing individual, company or corporation.

SEC. 9. The grantee shall be liable to pay the same taxes on its real property, buildings and personal property, exclusive, of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition, the grantee, its successors or assigns, shall render a report of its gross receipts, revenues of earnings from the use and operation of the franchise during each calendar quarter, and shall pay within the month immediately following all the taxes imposed by the existing laws on similar public utilities.

SEC. 10. The grantee shall keep books, records and accounts as are generally required by law of holders of franchise. Such books, records and accounts of the grantee shall be open to inspection by the Commissioner of Internal Revenue and/or other authorized representative of the Government.

SEC. 11. A special right is reserved to the President of the Philippines in time of war, rebellion, public peril, or other national emergency, when public safety so requires, to cause the closing of the monorail transportation service, or to authorize the use and operation thereof by any department of the Government without compensation to the grantee for the use of said monorail transportation service other than the actual cost of such use or operation during the continuance of the national emergency.

SEC. 12. It is expressly provided that in the event that the Philippine Government should desire to maintain and operate for itself the system and enterprise herein authorized, the grantee, its successors or assigns shall surrender its franchise and will turn over to the Government said system and all serviceable equipment at cost less reasonable depreciation.

SEC. 13. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 21, 1947.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on

May 19, 1966

*Secretary of the House
Of Representatives*

Approved:
June 14, 1966

President of the Philippines

Sixth Congress of the Republic of the Philippines First Session

Begin and held in the City of Manila on Monday, the twentyfourth
day of January, nineteen hundred and sixty-six

[REPUBLIC ACT NO. 4672]

AN ACT GRANTING DON ANICETO LACSON A FRANCHISE
TO ESTABLISH, MAINTAIN AND OPERATE
A FERRY SERVICE FOR PASSENGERS AND
FREIGHT BETWEEN BARRIO PUNTA EQUI,
MUNICIPALITY OF AJUY, PROVINCE OF ILOILO,
AND THE MUNICIPALITY OF VICTORIAS, PROVINCE
OF NEGROS OCCIDENTAL

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

SECTION1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to Don Aniceto Lacson, for a period of twenty-five years from the approval of this Act the right, privilege and authority to establish, maintain and operate a ferry service for passengers and freight between Barrio Punta Equi, Municipality of Ajuy, Province of Iloilo, and the Municipality of Victorias, Province of Negros Occidental, and to establish a schedule of rates therefor, which shall at all times be subject to regulation by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within ninety days from the date of the approval of this Act, files with the Public Service Commission his acceptance of the terms and conditions stipulated in this Act.

SEC. 2. Within ninety days after the acceptance of the franchise granted hereunder and in accordance with the conditions herein stipulated, the grantee shall put in operation an adequate and efficient ferry service between Barrio

Punta Equi, Municipality of Ajuy, Province of Iloilo
and the Municipality of Victorias, Province of Negros Occidental.
The ferryboats operated by the grantee and the
equipment thereof shall meet the requirements prescribed
by the Public Service Commission, and the grantee shall,
whenever the Public Service Commission shall determine
that public interest reasonably requires it, change or improve
any of said ferryboats or the equipment thereof at
his expense.

SEC. 3. The grantee binds himself to provide in his ferryboats
a suitable and adequate place for the mails and
shall carry them in the manner stipulated between the Postmaster
General and the said grantee, for such consideration
as may be agreed upon between them, and in case of
failure to arrive at an agreement as to the rate of compensation
and the manner in which such mails shall be carried,
the Public Service Commission shall fix the manner of,
and compensation for carrying said mails, after hearing
and considering the arguments of the said Postmaster General
and grantee: *Provided*, That in case the Government
requires the transportation of troops, ammunition or funds
for the public good, the grantee shall receive a reasonable
compensation for such service.

SEC. 4. The books, records and accounts of the grantee
shall always be open to the inspection of the Auditor General
or his authorized representatives, and it shall be the duty
of the grantee to submit to the Provincial Treasurer
of the province where he is residing, quarterly reports in
duplicate showing the gross receipts for passengers and
freight for the quarter past and the general condition of
the business, one of which shall be forwarded by the Pro-
vincial Treasurer to the Auditor General, who shall keep
the same on file.

SEC.5. The grantee shall be liable to pay the same taxes
on his real property, buildings, and personal property as
other persons or corporations are now or hereafter may
be required by law to pay. The grantee shall further be
liable to pay all other taxes imposable under the National
Internal Revenue Code by reason of this franchise.

SEC.6. The grantee, with the approval of the Congress
of the Philippines first had, may sell, lease, grant, convey,
assign, give in usufruct, or transfer this franchise and all
property and rights acquired thereunder to any individual,
co-partnership, private, public or quasi-public association,
corporation or joint-stock company competent to operate
the business hereby authorized, but transfer of title to the
franchise or any right of ownership or interest acquired
under such sale, lease, grant, conveyance, assignment, gift
in usufruct, or transfer shall not be effective, even after
such approval shall have been obtained until there shall
have been filed in the Public Service Commission an agreement
in writing by which the individual, co-partnership,
private, public or quasi-public association, corporation or
joint-stock company in whose favor such sale, lease, grant,
conveyance, assignment, gift in usufruct, or transfer is
made, shall be firmly bound to comply with all the terms and

conditions imposed upon the grantee by this franchise and to accept the same, subject to all existing terms and conditions.

SEC. 7. The Public Service Commission shall have the power, after a reasonable written notice to the grantee and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms and conditions thereof, unless such failure shall have been directly and primarily caused by an act of God, *force majeure*, usurped right, uprising or other cause beyond the grantee's control. Against such declaration of forfeiture by the Public Service Commission the grantee may apply for the remedies provided in Sections thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC. 8. In the event of any competing individual, association of persons, or corporations receiving from the Congress of the Philippines a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage, then such term or terms shall *ipso facto* become a part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individual, association of persons or corporations.

SEC. 9. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent Don Aniceto Laeson, his representatives, successors or assigns.

SEC. 10. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privileges herein provided.

SEC. 11. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 19, 1966.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on April 22, 1966

*Secretary of the House
Of Representatives*

Approved:
June 18, 1966

President of the Philippines

Sixth Congress of the Republic of the Philippines Second Session

Begun and held in the City of Manila on Monday, the twentythird
day of January, nineteen hundred and sixty-seven

[REPUBLIC ACT NO. 5118]

AN ACT GRANTING ISLAND TRANSPORT COMPANY, INCORPORATED, A FRANCHISE TO ESTABLISH, MAINTAIN AND OPERATE A FERRY SERVICE FOR PASSENGERS AND FREIGHT VEHICLES BETWEEN THE BARrio OF PAJO, LAPULAPU CITY, AND BANTAYAN SA HARI, BARrio OF LO-OC, MUNICIPALITY OF MANDAWE, PROVINCE OF CEBU; AND BETWEEN OTHER VISA YAN FOCAL POINTS OF TRADE AND TRANSHIPMENT.

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

SECTION 1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to the Island Transport Company, Inc., for a period of twenty-five years from the approval of this Act, the right, privilege and authority to establish, maintain and operate a vehicular, freight and passenger ferry service between the Barrio of Pajo, Lapulapu City and Mandawe (Bantayan sa Hari) Barrio of Lo-oc, Municipality of Mandawe, Province of Cebu; Barrio of Maribago, Mactan Island, and Barrio Po-o, Olongo Island, Province of Cebu; Municipality of Mandawe,

Province of Cebu, alternating to the Municipality

of Clarin, Province of Bohol and Municipality of Bato, Province of Southern Leyte; Municipality of Guihulngan, Province of Negros Oriental, alternating to the Municipalities of Dumanjug and Barili, Province of Cebu; Municipality

of Escalante, Province of Negros Occidental, alternating to the municipalities of Tuburan, San Remigio and Tabuelan (Bantayan Island), Province of Cebu; Municipality of Placer, Province of Masbate, alternating to the Municipality of Estancia, Province of Iloilo and Municipality of Escalante, Province of Negros Occidental; and the municipalities of Tabuelan (Bantayan Island) and San Remigio, Province of Cebu; and to establish a schedule of rates therefor, which shall at all times be subject to regulations by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within two years from the date of the approval of this Act, files with the Public Service Commission its acceptance of the terms and conditions stipulated in this Act.

SEC. 2. Within two years after the acceptance of the franchise granted hereunder and in accordance with the conditions herein stipulated, the grantee shall put in operation an adequate and efficient ferry service between the municipalities and the islands mentioned in the preceding section. The ferryboats operated by the grantee and the equipment thereof shall meet the requirements prescribed by the Public Service Commission, and the grantee shall, whenever the Public Service Commission shall determine that public interest reasonably requires it, change or improve any of said ferryboats or the equipment thereof at its expense.

SEC. 3. The grantee binds itself to provide in its ferryboats a suitable and adequate place for the mails and shall carry them in the manner stipulated between the Postmaster General and the said grantee, for such consideration as may be agreed upon between them, and in case of failure to arrive at an agreement as to the rate of compensation and the manner in which such mails shall be carried, the Public Service Commission shall fix the manner of and compensation for, carrying said mails, after hearing and considering the arguments of the said Postmaster General and grantee: *Provided*, That in case the Government requires the transportation of troops, ammunition or funds for the public good, the grantee shall take the necessary steps to comply therewith and shall receive a reasonable compensation for such service.

SEC. 4. The books, records and accounts of the grantee shall always be open to inspection by the Provincial Treasurer of Cebu or his authorized representatives, and it shall be the duty of the grantee to submit to the Provincial Treasurer quarterly reports in duplicate showing the gross receipts for passengers and freight for the quarter past and the general condition of the business, one copy of which shall be forwarded by the Provincial Treasurer to the Auditor General, who shall keep the same on file.

SEC. 5. The grantee shall be liable to pay the same taxes on its real property, buildings and personal property as other persons or corporations are now or hereafter may be required by law to pay. The grantee shall further be liable to pay all other taxes imposable under the National Internal Revenue Code by reason of this franchise.

SEC. 6. The grantee, after obtaining approval of the Congress of the Philippines, may sell, lease, grant, convey, assign, give in usufruct, or transfer this franchise and all property and rights acquired thereunder to any individual, co-partnership, private, public or quasi-public association, corporation or joint-stock company competent to operate the business hereby authorized, but transfer of title to the franchise or any right of ownership or interest acquired under such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer shall not be effective, even after such approval shall have been obtained, until there shall have been filed in the Office of the Public Service Commission an agreement in writing by which the individual, co-partnership, private, public or quasipublic association, corporation or joint-stock company in whose favor such sale, lease, grant, conveyance, assignment, gift in usufruct or transfer is made, shall be firmly bound to comply with all the terms and conditions imposed upon the grantee by this franchise and to accept the same, subject to all existing terms and conditions.

SEC. 7. The Public Service Commission shall have the power, after a reasonable written notice to the grantee and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms and conditions thereof, unless such failure shall have been directly and primarily caused by an act of God, *force majeure*, usurped right, uprising or other cause beyond the grantee's control. Against such declaration of forfeiture by the Public Service Commission, the grantee may apply for the remedies provided in Sections thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC. 8. In the event of any competing individual, association of persons, or corporation receiving from the Congress of the Philippines a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage, then such term or terms shall *ipso facto* become part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individual, association of persons or corporation.

SEC. 9. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent the Island Transport Company, Inc., its representatives, successors or assigns.

SEC. 10. This franchise shall be subject to amendment, alteration, or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privilege herein provided.

SEC. 11. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 9, 1967.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 18, 1967.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Sixth Congress of the Republic of the Philippines Third Session

Begun and held in the City of Manila on Monday, the twenty-Second day of January, nineteen hundred and sixty-eight

[REPUBLIC ACT NO. 5298]

AN ACT GRANTING SURIGAO FERRY SERVICE,
INC., A FRANCHISE TO ESTABLISH, MAINTAIN
AND OPERATE A FERRY SERVICE FOR PASSENGERS
AND FREIGHT BETWEEN THE MUNICIPALITY
OF SURIGAO AND NONOC ISLAND,
BOTH IN THE PROVINCE OF SURIGAO DEL
NORTE.

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

SECTION1. Subject to the conditions established in this Act and the provisions of the Constitution and the Public Service Act, there is granted to Surigao Ferry Service, Inc., for a period of twenty-five years from the approval of this Act, the right, privilege and authority to establish, maintain and operate a ferry service for passengers and freight between the Municipality of Surigao and Nonoc Island, both in the Province of Surigao del Norte, and to establish a schedule of rates therefor which shall at all times be subject to regulation by the Public Service Commission: *Provided*, That this franchise shall be null and void unless the grantee, within ninety days from the date of the approval of this Act, files with the Public

Service Commission its acceptance of the terms and conditions stipulated in this Act.

SEC. 2. Within ninety days after the acceptance of the franchise granted hereunder and in accordance with the conditions as herein stipulated, the grantee shall put in operation an adequate and efficient ferry service between the Municipality of Surigao and Nonoc Island, both in the Province of Surigao del Norte. The ferryboats operated

by the grantee and the equipment thereof shall meet the requirements prescribed by the Public Service Commission, and the grantee shall, whenever the Public Service Commission shall determine that public interest reasonably requires it, change or improve any of said ferryboats or the equipment thereof at its expense.

SEC. 3. The grantee binds itself to provide in its ferryboats a suitable and adequate place for the mails and shall carry them in the manner stipulated between the Postmaster General and the said grantee, for such consideration as may be agreed upon between them, and in case of failure to arrive at an agreement as to the rate of compensation and the manner in which such mails shall be carried, the Public Service Commission shall fix the manner of, and compensation for, carrying said mails, after hearing and considering the arguments of the said Postmaster General and grantee: *Provided*, That in case the Government requires the transportation of troops, ammunition or funds for the public good, the grantee shall receive a reasonable compensation for such service.

SEC. 4. The books, records and accounts of the grantee shall always be open to the inspection of the Provincial Treasurer of Surigao del Norte or his authorized Representatives, and it shall be the duty of the grantee to submit to the provincial treasurer quarterly reports in duplicate showing the gross receipts for passengers and freight for the quarter past and the general condition of the business, one of which shall be forwarded by the provincial treasurer to the Auditor General, who shall keep the same on file.

SEC. 5. The grantee shall be liable to pay the same taxes on its real property, buildings, and personal property as other persons or corporations are now or hereafter may be required by law to pay. The grantee shall further be liable to pay all other taxes imposable under the National Internal Revenue Code by reason of this franchise.

SEC. 6. The grantee, with the approval of the Congress of the Philippines first had, may sell, lease, grant, convey, assign, give in usufruct, or transfer this franchise and all property and rights acquired thereunder to any individual, co-partnership, private, public or quasi-public association, corporation or joint-stock company competing to operate the business hereby authorized, but transfer of title to the franchise or any right of ownership or interest acquired under such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer shall not be effective, even after such approval .shall have been obtained until there shall have been filed with the Public Service Commission an agreement in writing by which the individual. co-partnership, private, public or quasi-public association, corporation, or joint-stock company in whose favor such sale, lease, grant, conveyance, assignment, gift in usufruct, or transfer is made, shall be firmly bound to comply with all the terms and conditions imposed upon the grantee by this franchise and to accept the same, subject to all existing terms and conditions.

SEC. 7. The Public Service Commission shall have the power, after a reasonable written notice to the grantee

and a hearing of the interested parties, to declare the forfeiture of this franchise and all rights inherent in the same for failure on the part of the grantee to comply with any of the terms and conditions thereof, unless such failure shall have been directly and primarily caused by an act of God, *fm'ce majeure*, usurped right, uprising or other cause beyond the grantee's control. Against such declaration of forfeiture by the Public Service Commission, the grantee may apply for the remedies provided in Sections

thirty-four and thirty-six of the Public Service Act. The remedy provided herein shall not be a bar to any other remedy provided by existing laws for the forfeiture of this franchise.

SEC.8. In the event of any competing individual, association of persons, or corporations receiving from the Congress of the Philippines a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage, then such term or terms shall *ipso facto* become a part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individual, association or corporation.

SEC.9. Whenever in this franchise the term "grantee" is used, it shall be held and understood to mean and represent Surigao Ferry Service, Inc., its representatives, successors or assigns.

SEC.10. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires, and shall not be interpreted to mean an exclusive grant of the privileges herein provided.

SEC.11. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 14, 1968.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 3, 1967.

Secretary of the House

Of Representatives

Approved:

President of the Philippines

RA 5448

**Sixth Congress
of the
Republic of the Philippines
Eight Special Session**

Begun and held in the City of Manila on Monday, the twelfth
day of August, nineteen hundred and sixty-eight

[REPUBLIC ACT NO. 5448]

AN ACT IMPOSING A TAX ON PRIVATELY OWNED
PASSENGER AUTOMOBILES, MOTORCYCLES
AND SCOOTERS, AND A SCIENCE STAMP TAX,
TO CONSTITUTE A SPECIAL SCIENCE FUND,
DEFINING THE PROGRAMS, PROJECTS AND
ACTIVITIES OF SCIENCE AGENCIES TO BE
FINANCED THEREFROM AND FOR OTHER
PURPOSES.

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

SECTION 1. *Creation of Special Science Fund.* -There is hereby created a Special Science Fund, hereafter referred to as the Fund, to be constituted from the proceeds of the taxes imposed in Sections three and four of this Act to promote scientific and technological research and development, foster invention, and utilize scientific knowledge as an effective instrument for the promotion of national progress. This Fund shall be expended exclusively for the programs, projects and activities of the National Science Development Board, Philippine Atomic Energy Commission, National Institute of Science and Technology, Philippine Coconut Research Institute, Philippine Inventors Commission, National Research Council of the Philippines, and the Science Foundation of the Philippines authorized under their respective charters or laws of their creation, including colleges and units of the University of the Philippines and bureaus of the Department of Agriculture and Natural Resources involved in

scientific and technological research and development, and for the expenses of science agencies to carry out their functions, duties and responsibilities, as well as the undertaking of legislative studies and observation on incentive policies and the funding schemes of scientific and technological bodies abroad.

SEC. 2. *Expenditure of the Fund subject to congressional action.*-Expenditure of the Fund shall be in pursuance of appropriations made by law: *Provided*, That for the period from the date of the effectivity of this Act up to June thirty, nineteen hundred sixty-nine, the collections accruing to the Fund shall be used to fund the unprogrammed appropriations from the General Fund for the said science agencies which cannot be released for lack of funds. Expenditure for subsequent fiscal years shall be included in the annual General Appropriations Act.

SEC. 3. *Imposition of additional tax on privately-owned passenger automobiles, motorcycles and scooters.*-An additional tax is hereby imposed on every privately-owned passenger automobile, motorcycle and scooter to be paid by the owner thereof, in the amount, based on their respective shipping weight or factory weight of private passenger automobiles as indicated in the following schedule:

- (a) 1,000 kilos or less P 35.00
- (b) 1,001 to 1,500 kilos P100.00
- (c) 1,501 to 2,000 kilos P250.00
- (d) 2,001 kilos and above P450.00

Provided, however, That the owner of a private motorcycle and scooter shall pay a fixed additional tax of P15.00 and that of jeep, P30.00.

The additional tax imposed herein shall be collected at the same time, in the same manner and subject to the same penalties as the registration fees imposed under Republic Act Numbered Four thousand one hundred thirty-six:

Provided, however, That from the effectivity of this Act the words "Science Tax" shall be printed across all official receipts issued covering the payment of the tax herein imposed.

SEC. 4. *Imposition of additional stamp taxes.*-In addition to the documentary stamp, taxes imposed under Sections 211 to 235 of Commonwealth Act Numbered Four hundred sixty-six, as amended, otherwise known, as the National Internal Revenue Code, there are hereby imposed science stamp taxes equal to one hundred per cent thereof except that in addition to the documentary stamp taxes on tax clearance certificates under Section 225 thereof, the science stamp taxes shall be as follows: fifty pesos on each certificate for a first-class passenger; thirty pesos on each certificate for a second or tourist-class passenger; and five pesos on each certificate for a third-class or steerage passenger: *Provided however*, That no science tax shall be imposed on freight tickets covering goods, merchandise, or effects carried as accompanied baggage of passengers on land and water carriers primarily

engaged in the transportation of passengers: *And provided, further, That no science tax shall be imposed on each certificate issued by a notary public or by any person authorized to administer oath.*

The tax imposed herein shall be collected at the same time, in the same manner and subject to the same penalties as the documentary stamp tax imposed under the National Internal Revenue Code, as amended.

SEC. 5. Turnover of the collection; release of the Fund is ministerial.-The Commissioner of Internal Revenue and the Commissioner of the Land Transportation Commission shall turn over their collections of the taxes and penalties mentioned in Sections three and four hereof to the Treasurer of the Philippines monthly within the first ten days of the succeeding month which shall accrue to and form part of the Special Science Fund. No portion of the collections may be transferred or diverted to the general or any other fund or used or expended for any purpose other than those specified in this Act. It shall be the ministerial duty of the Budget Commissioner and the National Treasurer, as well as of the officers and employees under their supervision and control, to effect releases from the Fund upon order and/or authorization of the Chairman of the National Science Development Board, on recommendation by the agencies under the National Science Development Board, or of the Chairman of the National Research Council of the Philippines, as the case may be.

SEC. 6. Rules and Regulations.-The Secretary of Finance and the Secretary of Public Works and Communications, as the case may be, shall promulgate such rules and regulations relating to the collection of the taxes accruing to the Special Science Fund as may be necessary. The Chairman of the National Science Development Board and the Chairman of the National Research Council of the Philippines may also promulgate such rules and regulations as may be necessary for the effective implementation of this Act including the adoption of an appropriate design for the science stamp.

SEC. 7. Annual Report.-The Chairman of the National Science Development Board and the Chairman of the National Research Council of the Philippines shall each submit within fifteen days from the opening of the regular session of Congress to the President of the Philippines and to the presiding officers of both Houses of Congress, an annual report which shall include an account of the programs, projects and detailed expenses undertaken pursuant to this Act, which shall be incorporated in their respective annual reports.

SEC. 8. Duration of the Fund.-The proceeds of the taxes imposed in this Act shall, to the extent specified therein, constitute the Fund: *Provided, That after five years from the effectiveness of this Act, the taxes herein imposed shall accrue to the General Fund unless otherwise provided by law.*

SEC. 9. Penal provision.-Any person who fails or refuses to turn over collections of the taxes mentioned in

this Act within the period fixed in Section five hereof, or who delays, obstructs or prevents the same; or who fails or refuses to effect releases from the Fund, or who delays, obstructs or prevents the same; or who orders, causes, or effects the transfer or diversion of the collections of this Fund shall be punished with a fine not exceeding ten thousand pesos or imprisonment not exceeding six years or both in the discretion of the Court. If the offender is a government official or 'employee, he shall, in addition, be dismissed from the service with prejudice to reinstatement and with disqualification for election to any public office. If he is an alien, he shall, in addition, be' deported after payment of fine, without further deportation proceedings.

SEC. 10. *Separability clause*.-If any clause, sentence, provision or section of this Act or application thereof to any person or circumstance should for any reason be held invalid and unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Act which can be given force and effect without the invalid or unconstitutional provisions or application, and to this end the provisions and applications of this Act are declared to be separable.

SEC. 11. *Repealing clause*.-All Acts, executive orders, rules and regulations, or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 12. This, Act shall take, effect on January first, nineteen hundred sixty-nine.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on August 30, 1968.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on August 31, 1968.

*Secretary of the House
Of Representatives*

Approved:
September 25, 1968

President of the Philippines

**Sixth Congress
of the
Republic of the Philippines
Fourth Session**

Begun and held in the City of Manila on Monday, the twenty-
Seventh day of January, nineteen hundred and sixty-nine

[REPUBLIC ACT NO. 5872]

**AN ACT CREATING A BRANCH OFFICE OF THE
LAND TRANSPORTATION COMMISSIONIN THE
MUNICIPALITY OF CARIGARA, PROVINCE OF
LEYTE, AND AUTHORIZING THE APPROPRIA-
TION OF FUNDS THEREFOR**

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

SECTION1. There is hereby created a branch office of the Land Transportation Commission in the Municipality of Carigara, Province of Leyte. The Commissioner of Land Transportation shall, subject to the approval of the Secretary of Public Works and Communications, organize the said branch office.

SEC.2. The sum of fifty thousand pesos, or so much thereof as maybe necessary, is hereby authorized to be appropriated, out of any funds in the National Treasury not otherwise appropriated, to carry out the purposes of this Act.. Hereafter, such sum as may be necessary for the same purpose shall be included in the annual General Appropriations Act.

SEC.3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 27, 1969.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 13, 1968.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

**Sixth Congress
of the
Republic of the Philippines
Fourth Session**

Begun and held in the City of Manila on Monday, the twenty-
Seventh day of January, nineteen hundred and sixty-nine

[REPUBLIC ACT NO. 5963]

AN ACT AMENDING SECTION TWO OF REPUBLIC
ACT NUMBERED FOURTEEN HUNDRED AND
SEVEN, KNOWN AS "THE PHILIPPINE OVERSEAS
SHIPPING ACT OF NINETEEN HUNDRED
AND FIFTY-FIVE", AS AMENDED BY SECTION
ONE OF REPUBLIC ACT NUMBERED FORTYONE
HUNDRED AND FORTY-SIX;

*Be it enacted by the Senate and ~~and the~~ House of Representatives,
Of the Philippines in Congress assembled:*

SECTION . 1. Section two of Republic Act Numbered
Fourteen hundred and seven, as amended by Section one
of Republic Act Numbered Forty one hundred and forty-
six further amended to read as follows:

"SEC: 2. In pursuance of the above-declared policy any
citizen of the Philippines, or any association or corporation
organized under the laws of the Philippines, at least sixty
-per cent of the capital of which is owned by citizens of
the Philippines, engaged or which shall engage exclusively
in the overseas shipping business or in the construction
of modern boats for overseas service shall be exempt from
the payment of income tax on income derived from his
or its overseas shipping business for a period of twenty
years from the date of approval of this Act or until
September nine, nineteen hundred and seventy-five' :Provided,
That they shall invest the entire net income realized
during the period of exemption which would have otherwise
been taxable under the provisions of Title II of
the National Internal Revenue Code in the construction,
purchase, or acquisitions of vessels and equipment and/or

in the improvement of its vessels and equipment. The amount so invested shall not be withdrawn for a period of twenty years after the expiration of the period of income tax exemption. Any amount withdrawn before the end of this period shall be subject to the corresponding income tax, including surcharges and interests.

"Any taxpayer wishing to take advantage of the tax exemption in the preceding paragraph shall file annually a regular income tax return with the Bureau of Internal Revenue, together with such information and supporting documents as the Bureau may require, indicating the net income exempt under this Act.",

SEC.2. All Acts or parts of Acts and all executive orders, administrative orders, proclamations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC.3. This Act shall take effect upon its approval.
Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 19, 1969.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 21, 1969

*Secretary of the House
Of Representatives*

Approved:
June 21, 1969

President of the Philippines

RA 6034

**Sixth Congress
of the
Republic of the Philippines
Ninth Special Session**

Begun and held in the City of Manila on Monday, the second
day of June, nineteen hundred and sixty-nine

[REPUBLIC ACT NO. 6034]

**AN ACT PROVIDING TRANSPORTATION AND OTHER
ALLOWANCES FOR INDIGENT LITIGANTS**

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

SECTION1. Any provision of existing law to the contrary notwithstanding, any indigent litigant may, upon motion, ask the Court for adequate travel allowance to enable him and his indigent witnesses to attend the hearing of a criminal case commenced by his complaint or filed against him.

The allowance shall cover actual transportation expenses by the cheapest means from his place of residence to the court and back. When the hearing of the case requires the presence of the indigent litigant and/or his indigent witnesses in court the whole day or for two or more consecutive days, allowances may, in the discretion of the Court, also cover reasonable expenses for meal and lodging.

For the purpose of this Act, indigent litigants shall include anyone who has no visible means of income or whose income is insufficient for his family as determined by the Court under Section 2, hereof.

SEC. 2. If the court determines that the petition for transportation allowance is meritorious, said court shall immediately issue an order directing the provincial, city or municipal treasurer to pay the indigent litigant the travel allowance out of any funds in his possession and proceed

without delay to the trial of the case. The provincial, city or municipal treasurer shall hold any such payments as cash items until reimbursed by the national government.

SEC. 3. All payments of travel allowances made by provincial, city and municipal treasurer under this Act as of October 31 each year, shall be transmitted to the Commissioner of the Budget not later than November 30 each year for inclusion in the annual General Appropriations Act. The necessary sum is hereby authorized to be appropriated out of the funds in the national treasury not otherwise appropriated.

SEC. 4. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

This Act, which originated in the Senate, was finally passed by the same on May 16, 1968.

Secretary of the Senate

Finally passed by the House of Representatives same on July 5, 1969.

*Secretary of the House
Of Representatives*

Approved:
August 4, 1969

President of the Philippines

**Sixth Congress
of the
Republic of the Philippines
Ninth Special Session**

Begun and held in the City of Manila on Monday, the second
day of June, nineteen hundred and sixty-nine

[REPUBLIC ACT NO. 6106]

AN ACT AMENDING .REPUBLIC ACT NUMBERED
ONE THOUSAND., FOUR HUNDRED· SEVEN, AS
AMENDED, TO PRES'CRIBE THE RVLES FOR
.FINANCING THE ACQUISITION OR CONSTRUCTION
OF VESSELS TO BE USED FOR OVERSEAS
SHIPPING, TO 'ALLOW THE CREATION OF A
MARITIME LIEN THEREON, AN!)' FOR OTHER
PURPOSES.

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

SECTION 1. Republic Act Numbered One thousand four
hundred, seven, as amended, is hereby further amended to
include a new provision. known as Section 11 1/2, which
shall read as follows:

SEC. 11 1/2 a. Any citizen of the Philippines, or any
association or corporation organized under the laws of
the Philippines, at least seventy-five percent of the capital
of which is owned by citizens of the Philippines, engaged
or which shall engage exclusively in the overseas shipping
business, may, for the purpose of financing the construction
acquisition or purchase of vessels for use in overseas
shipping, freely constitute a mortgage or any other lien
or encumbrance on such vessels and its equipment with
any bank or other financial institutions, domestic or
foreign.

"b. The instrument of mortgage, lien or encumbrance

shall be recorded in the registry of vessels in the order of their reception and shall show:

1. The name of the vessels;
2. The name of the parties;
3. The time and date of reception of the instrument;
4. The interest in the vessel transferred or affected; and
5. The amount and date of maturity of any mortgage.

A copy of the instrument of mortgage shall be furnished the Central Bank of the Philippines.

"c. Any mortgage, lien or encumbrance constituted in accordance with this Act is a preferred mortgage and shall constitute a maritime lien upon the mortgaged vessel in the amount of the outstanding mortgage indebtedness secured by such vessel.

"d. A preferred mortgage shall have priority over all claims against the vessel, except the following preferences in the order stated :

1. Judicial costs of the proceedings;
2. Taxes due the Philippine Government;
3. Salaries and wages of the Captain and Crew of the vessel during its last voyage;
4. General average or salvage including contract salvage; bottomry loans; and indemnity due shippers for the value of goods transported but which were not delivered to the consignee;
5. Costs of repair and equipment of the vessel, and provisioning of food, supplies and fuel during the last voyage; and
6. Preferred mortgages registered prior in time.

"e. The lien of a preferred mortgage may be enforced by suit in rem or otherwise in the Philippines, or in any foreign country in which the vessel shall be found pursuant to the procedure of said country for the enforcement of ship mortgages constituting maritime liens on vessels documented under the laws of said country.

"f. After the bill of judicial sale at public auction has been executed, all claims against the vessel in favor of the creditors shall be considered extinguished, and such claim shall thereafter attach, in like amount and in accordance with their respective priorities to the proceeds of the sale. If the proceeds of the judicial sale should not be sufficient to pay all the creditors included in one number or grade, the residue shall be divided among them pro rata. All credits not paid, whether fully or partially, shall subsist as ordinary credits enforceable by personal action against the debtor. The record of the judicial sale shall be inscribed in the registry of vessels."

SEC. 2: The provisions of Commonwealth Act Numbered Six hundred six, as amended by Republic Act Numbered Nine hundred thirteen; the Code of Commerce, particularly Articles 580 and 584 thereof; and all other Acts, Executive Orders and regulations inconsistent herewith are hereby

repealed or modified accordingly.

SEC. 3. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

This Act, which originated in the Senate, was finally passed the same on June 16, 1969.

Secretary of the Senate

Finally passed by the House of Representatives on June 10, 1969.

*Secretary of the House
Of Representatives*

Approved:

August 4, 1969

President of the Philippines

Seventh Congress
of the
Republic of the Philippines
Fourth Special Session

Begun and held in the City of Manila on Monday, the fourteenth day of June, nineteen hundred and seventy-one

[REPUBLIC ACT NO. 6374]

AN ACT AMENDING REPUBLIC ACT NUMBERED
FORTY-ONE HUNDRED THIRTY-SIX, KNOWN
AS THE "LAND TRANSPORTATION AND TRAFFIC
CODE."

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

SECTION 1. Paragraphs (a) and (c) of section four, of Republic Act Numbered Forty-one hundred sixty-six, otherwise known as the Land Transportation and Traffic Code, are hereby amended to read as follows:

"SEC. 4 (a) There is created under the Department of Public Works and Communications an office which shall be designated and known as the Land Transportation Commission, composed of one Commissioner and one Deputy Commissioner, who shall be vested with the powers and duties hereafter specified. Whenever the word "Commission" is used in this Act, it shall be deemed to mean the Land Transportation Commission, and whenever the word "Commissioner" is used in this Act, it shall be taken to mean the Commissioner or Deputy Commissioner, as the case may be.

"(c) The Commissioner shall receive an annual compensation of twenty thousand five hundred eighty pesos and the Deputy Commissioner, an annual compensation of eighteen thousand six hundred thirty-six pesos. The Commissioner

shall be assisted by one head executive assistant (MV regulation adviser or chief) , one administrative officer, one registration regulation chief, one inspection, examination, land licensing regulation chief, one law and traffic enforcement regulation chief, one provincial regulation chief, one utility and property regulation chief, one accounting officer, one internal chief auditor, one personnel officer III, one budget officer IV, and one chief medical division IV who shall receive an annual compensation of fifteen thousand two hundred sixty-four pesos each; ten land transportation regional directors who shall receive an annual compensation of fourteen thousand five hundred thirty-two pesos each; ten transportation assistant regional directors, who shall receive an annual compensation of eleven thousand three hundred twenty eight pesos each; and ten land transportation assistant regulation chiefs, Who shall receive an annual compensation of thirteen thousand one hundred fifty-two pesos each; *Provided*, That the assistant chiefs of divisions shall receive an annual compensation of twelve thousand five hundred, sixteen pesos each the chiefs of sections, district supervisors, and land transportation registrars III shall receive an annual compensation of ten thousand two hundred sixty pesos each; the assistant district supervisors and land transportation registrars II shall receive an annual compensation of eight thousand eight hundred thirty-two pesos each; the land transportation registrars I shall receive an annual compensation of seven thousand six hundred, eight pesos each; and all other employees in the land transportation commission whose salaries are paid monthly shall receive an increase in an amount equivalent to eight WAPCO ranges each" but in no case shall an employee exceed the salary of his immediate superiors."

SEC. 2. Section Sixty-one of Republic Act Numbered Forty-one hundred thirty-six, is hereby amended to read as follows:

"SECTION6'1. *Disposal of Monies Collected*.- Monies collected under the provisions of this Act shall be deposited in a special trust account in the National Treasury to constitute the Highway Special Fund, which shall be apportioned and expended in accordance with the provisions of the "Philippine Highway Act of 1953": *Provided, however*, That the amount necessary to maintain and equip the Land Transportation Commission but not to exceed twenty percent of the total collection during anyone year, shall be set aside for the purpose."

SEC. 3. In order to carry out the provisions of this Act the payment of salary differentials resulting from the adjustment in salaries as provided for in this, Act shall be implemented from the amount that maybe taken out of the twenty per cent of the collections of the Land Transportation Commission necessary to maintain and equip it from the fiscal year 1970-71. Thereafter, so much amount as

will be needed to carry out the purpose of this Act shall be included in the annual appropriation of the Land Transportation Commission.

SEC.4. The incumbents of the positions at the time of the approval of this Act whose salaries are herein standardized shall automatically be entitled to the benefits here-of without the need of another appointment.

SEC. 5. Any provision of law to the contrary notwithstanding, the beneficiaries of the salary increases provided for in this Act are not precluded from receiving general salary adjustments that may be provided for government officials and employees in future General Appropriations Act.

SEC. 5. Any provision of law to the contrary notwithstanding, the beneficiaries of the salary increases provided for in this Act are not precluded from receiving general salary adjustments that may be provided for government officials and employees in future General Appropriations Act.

SEC. 6. This Act shall take effect upon its approval.

Approved, August 16, 1971.

Seventh Congress
of the
Republic of the Philippines
Fourth Special Session

Begun and held in the City of Manila on Monday, the fourteenth day of June, nineteen hundred and seventy-one

[REPUBLIC ACT NO. 6382]

AN ACT GRANTING PHILIPPINE EXPRESS MESSENGER
SERVICE CORPORATION A FRANCHISE
TO CONDUCT AIR FREIGHT FORWARDING, MESSENGER
AND DELIVERY SERVICE.

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

SECTION1. Any provision of law to the contrary notwithstanding, the Philippine Express Messenger Service Corporation, a domestic corporation duly registered and existing under the laws of the Philippines, is hereby granted a franchise to conduct air freight forwarding, both of domestic and international destination, as well as to conduct messenger and delivery service of messages, parcels and packages, at regular intervals and in special and emergency cases, through all hours of the day and night, for a period of twenty-five years from and after the approval of this Act: *Provided, however,* That the said corporation shall not receive and deliver messages, parcels, goods or articles described in Section nineteen hundred and fifty-four and nineteen hundred fifty-five of the Revised Administrative Code, and any matter received by it in violation of existing laws and/or constituting a criminal act shall be forfeited in favor of the Government; and any matter unmailable under Section nineteen hundred fifty-five of the same Code received by it for delivery the possession of which does not constitute any criminal act punishable by law, the Said matter shall whenever practicable be returned to the person who deposited it,

and shall not be delivered to the addressee: *Provided, further,* That any wilfull violation of the foregoing provisos by the said corporation shall be sufficient cause for the revocation of the franchise; lastly, the Secretary of Public Works and communications and/or through his proper instrumentality or agency, shall exercise supervision over said corporation for the purpose of having its operations strictly in accordance with law, as well 'as to prevent violation of the foregoing provisos and/or existing laws and regulations.

SEC. 2. The grantee is hereby empowered to fix its service fees or charges, subject to the rates approved and provided by the Public Service Commission.

SEC.3. This franchise is granted subject to amendment, alteration or repeal by the Congress of the Philippines when public interest intervenes and so requires and shall not be exclusive in character.

SEC. 4. In consideration of the franchise and rights hereby granted, the grantee shall pay a franchise tax equal to five *per centum* of the gross earnings under this franchise, three *per centum* shall accrue to the national government and two *per centum* to the municipality where the franchise is in operation.

SEC.5. The grantee shall file a bond in the sum of twenty-five thousand pesos to answer for any damages or loss that any customer or customers may suffer.

SEC.6. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights, privileges acquired thereunder, to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other person, company, or corporation organized for the same purpose, without the approval and/or consent of the Congress of the Philippines.

SEC.7. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on July 17, 1971.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on July 17, 1971.

*Secretary of the House
Of Representatives*

Approved:
August 16, 1971

President of the Philippines

RA 6417

**Seventh Congress
of the
Republic of the Philippines
Fifth Special Session**

Begun and held in the City of Manila on Monday, the second
day of August, nineteen hundred and seventy-one

[REPUBLIC ACT NO. 6417]

AN ACT AMENDING SECTIONS THREE AND SEVEN
OF REPUBLIC ACT NUMBERED FORTY-SIX
HUNDRED FIFTY-TWO, ENTITLED "AN ACT
GRANTING THE PHILIPPINE MONORAIL TRANSIT
SYSTEM, INCORPORATED A FRANCHISE
TO ESTABLISH, MAINTAIN AND OPERATE A
MONORAIL TRANSPORTATION SERVICE IN
THE CITY OF MANILA AND SUBURBS AND
CEBU CITY AND PROVINCE."

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

SECTION1. Section three of Republic Act Numbered
Forty-six hundred fifty-two is hereby amended to read as .
follows:

"SEC. 3" In the event that the grantee fails to commence
construction of the monorail transportation service
contemplated in this Act within three years nor commence
operation of the service within eight years from the approval
of this Act, this franchise shall be null and void
unless prevented by fortuitous cause or *force majeure*,
martial law, riot, civil commotion, usurpation by a
military power, or any other reasonable cause beyond the
grantee's control: *Provided, however,* That all the time
during which the grantee, its successors and assigns, may

be prevented from carrying out the terms and conditions of this franchise shall be added to the time allowed by this franchise for compliance with its provisions."

read as follows:

"SEC.7. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise, nor any rights and privileges acquired thereunder to any individual, company or corporation, nor merge with any other individual, company or corporation. The grantee also shall not sell any share of its capital stock to any person other than the incorporators thereof, before the completion and approval of the feasibility survey of this project. Any provincial, city or municipal government whose territorial area is directly served by the monorail transit service is authorized to invest therein through purchase of shares of the capital stock of the grantee."

SEC.3. Any provision of law to the contrary notwithstanding, the franchise shall be limited to the City of Manila and suburbs and shall exclude Cebu City and province.

SEC. 4. This Act shall take effect upon its approval.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on September 4, 1971.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on September 4, 1971.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fourth Regular Session

Begun and held in the City of Manila on Monday, the twenty third
day of July, nineteen hundred and ninety

[REPUBLIC ACT NO. 7151]

AN ACT GRANTING CEBU AIR, INC., A FRANCHISE TO
ESTABLISH, OPERATE AND MAINTAIN TRANSPORT
SERVICES FOR THE CARRIAGE OF PASSENGERS,
MAIL, GOODS AND PROPERTY BY AIR, BOTH
DOMESTIC AND INTERNATIONAL, WITH CEBU AS
ITS BASE

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Cebu Air, Inc., hereunder referred to as the grantee, its successors or assigns a franchise to establish, operate and maintain transport services for the carriage of passengers, mail, goods and property by air, both domestic and international, with Cebu as its base.

Air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the Government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. *Civil Aeronautics Board.* - The grantee shall secure from the Civil Aeronautics Board the appropriate permits and

licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the Government of the Philippines. They shall be equipped with radio communication, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies as the Government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or charter air transport services between any and all points and places throughout the Philippines and other countries at such frequencies as traffic needs may require with Cebu as its base: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the Government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of forty (40) years from the date of the approval of this Act, unless sooner revoked or canceled. In the event that the grantee fails to operate within two (2) years from the effectivity of this Act, this franchise shall be deemed *ipso facto* revoked.

SEC. 6. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the Government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may prescribe and, reciprocally, the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 7. Contracts. - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 8. Right of Government. - In case of war, insurrection, domestic trouble, public calamity or national emergency, the Philippine Government, upon the order of the President, shall have the right to take over and operate the equipment of the grantee, paying for its use or damages.

SEC. 9. Public Equity Participation. - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make public offering through the stock exchanges of at least thirty percent (30%) of its common stocks within a period of ten (10) years from the date of effectivity of this

Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

SEC. 10. *Warranty in Favor of National and Local Governments.*

- The grantee shall hold the national, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted, attributable solely to the act or omission of the grantee.

SEC. 11. *Tax Provisions.* - The grantee shall pay to the Philippine Government during the life of this franchise a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations.

In the event that any competing individual, partnership or corporation receives and enjoys tax privileges and other favorable terms which tend to place the herein grantee at any disadvantage, then such provisions shall be deemed *ipso facto* part hereof and shall operate equally in favor of the grantee.

The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation.

SEC. 12. *Sale, Lease, Transfer, Assignment, Usufruct, etc.* -

The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation, or legal entity, nor shall the controlling interest in the grantee be transferred to any such private person, firm, company, corporation or entity without the prior approval of Congress.

Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to all the conditions, terms, restrictions, and limitations of this Act.

SEC. 13. *Legislative Amendment.* - This franchise is subject to amendments or repeal by Congress when the common good so requires.

SEC. 14. *Separability Clause.* - If any section or provision of this franchise, as amended, is held or declared unconstitutional or invalid by a competent court in a final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this franchise.

SEC. 15. *Repealing Clause.* - All laws, decrees, orders, instructions, and rules and regulations, or parts thereof, which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 16. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on May 16, 1991.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on May 21, 1991.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fifth Regular Session

Begun and held in the City of Manila on Monday, the twenty second
day of July, nineteen hundred and ninety one

[REPUBLIC ACT NO. 7296]

AN ACT GRANTING DAVAO AGRITECH, INC., A FRANCHISE
TO ESTABLISH, OPERATE AND MAINTAIN
DOMESTIC AIR SPRAYING SERVICES WITH DAVAO
AS ITS MAJOR HUB

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to
the provisions of the Constitution and applicable laws, rules and
regulations, there is hereby granted to the Davao Agritech, Inc.,
hereunder referred to as the grantee, its successors or assigns a
franchise to establish, operate and maintain domestic air spraying
services with Davao as its major hub.

Air spraying services shall include the maintenance and
operation of hangars and aircraft service stations and facilities and
other services of similar nature which may be necessary, convenient
or useful as an auxiliary to air spraying services.

The grantee shall be given the right at its terminals and
landing fields, as well as in its aircraft, to construct, operate and
maintain stations or transmitting sets for wireless telegraphy and
direction findings, and other radio aids to air navigation, using
wavelengths in accordance with the rules and regulations issued
from time to time by the proper agencies of the Government. The
wireless communication facilities shall be used solely for receiving
and transmitting weather forecasts and other matters in connection
with the grantee's services.

SEC. 2. *Prior Approval of the Civil Aeronautics Board.* -
The grantee shall secure from the Civil Aeronautics Board the
appropriate permits and licenses for its operations.

All aircraft used by the grantee and the flight crew members operating such aircraft shall be licensed by the Government of the Philippines and, together with its accessories and equipment, shall at all times be in airworthy condition. They shall be equipped with radio communication, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies as the Government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *Force majeure* and whenever weather conditions permit, the grantee

shall maintain air spraying services within Davao and any and all points and places throughout the Philippines as traffic needs may require.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for its air spraying operation, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the Government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of forty (40) years from the date of the approval of this Act, unless sooner revoked or cancelled. In the event that the grantee fails to operate continuously for two (2) years, this franchise shall be deemed *ipso facto* revoked.

SEC. 6. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the Government within the Philippines or the grantee's lines subject to such terms and conditions, restrictions and national policy consideration as the Philippine Government may prescribe and, reciprocally, the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 7. Contracts. - The grantee is authorized to enter into air spraying and air spraying maintenance and/or servicing contracts, and such other contracts relating to air spraying activities.

The grantee shall give preferential consideration to contracts with the Philippine Government.

SEC. 8. Right of Government. - In case of war, insurrection, domestic trouble, public calamity or national emergency, the Philippine Government, upon order of the President, shall have the right to take over and operate the equipment of the grantee, paying for its use or damages.

SEC. 9. Eminent Domain. - With the approval of the President of the Republic of the Philippines and subject to the limitations and procedures prescribed by law: the grantee shall be authorized to exercise the right of eminent domain as may be reasonably necessary for its stations, landing fields, hangars, docks, ramps, wireless stations and other structures in connection with the grantee's activities.

No private property shall be taken for any purpose by the grantee without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority to take and occupy land contained herein shall not apply to the taking, use or occupation of any land except such as is required for the actual purposes for which this franchise is granted.

SEC. 10. Warranty in Favor of National and Local Governments.
- The grantee shall hold the national, provincial and

municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 11. *Public Equity Participation.* - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make a public offering through the stock exchanges of at least thirty percent (30%) of its common stock within a period of ten (10) years from the date of the effectivity of this Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offering.

SEC. 12. *Tax Provisions.* - In consideration of the franchise and rights hereby granted, the grantee shall pay to the Philippine Government during the life of this franchise a franchise tax of five percent (5%) of the gross receipts derived by the grantee from its air spraying operations.

The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and the tax on its real property under existing law.

SEC. 13. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership, or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place the grantee herein at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the grantee herein.

SEC. 14. *Sale, Lease, Transfer, Assignment, Usufruct, etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation or legal entity, nor shall the controlling interest in the grantee be transferred to any such private person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines.

Any person or entity to which this franchise is sold, transferred or assigned shall be subject to all the conditions, terms, restrictions and limitations of this Act.

SEC. 15. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 16. *Legislative Amendment.* - This franchise is subject to amendment or repeal by the Congress of the Philippines when the common good so requires.

SEC. 17. *Separability Clause.* - If any section or provision of this franchise, as amended, is held or declared unconstitutional or invalid by a competent court in a final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this franchise.

SEC. 18. *Repealing Clause.* - All laws, decrees, orders, instructions, and rules and regulations or parts thereof which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 19. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on February 4, 1992.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on February 5, 1992.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fifth Regular Session

Begun and held in the City of Manila on Monday, the twenty second
day of July, nineteen hundred and ninety one

[REPUBLIC ACT NO. 7302]

AN ACT GRANTING HOUSE OF TRAVEL, INCORPORATED,
A FRANCHISE TO ESTABLISH, OPERATE AND
'MAINTAIN DOMESTIC PASSENGERS AND CARGO
AIR CHARTERED TRANSPORT SERVICES WITH
DAVAO AS ITS MNOR HUB

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the House of Travel, Inc., hereunder referred "to as the grantee, its successors or assigns a franchise to establish, operate and maintain passenger and cargo air charter transport services with Davao as its major hub.

Domestic air transport for tourist services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to tourist air transport services.

The grantee shall be given the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations issued from time to time by the proper agencies of the Government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection

with the grantee's services.

SEC. 2. *Prior Approval of the Civil Aeronautics Board.* -

The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee and the flight crew members operating such aircraft shall be licensed by the Government of the Philippines and, together with its accessories and equipment, shall at all times be in airworthy condition. They shall be equipped with radio communication, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies as the Government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred seventy-six, and the regulations promulgated thereunder from time to time.

SEC. 3. *Responsibility to the Public.* - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain passenger and cargo air charter transport services within Davao and any and all points and places throughout the Philippines as traffic needs may require.

SEC. 4. *Rates for Services.* - The grantee shall fix just and reasonable rates for its air transport services, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the Government.

SEC. 5. *Term of Franchise.* - This franchise shall be for a term of forty (40) years from the date of the approval of this Act, unless sooner revoked or cancelled. In the event that the grantee fails to operate continuously for two (2) years, this franchise shall be deemed *ipso facto* revoked.

SEC. 6. *Landing Facilities.* - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the Government within the Philippines or the grantee's lines subject to such terms and conditions, restrictions and national policy consideration as the Philippine Government may prescribe and, reciprocally, the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 7. *Contracts.* - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into such other contracts relating to air transport activities.

SEC. 8. *Right of Government.* - In case of war, insurrection, domestic trouble, public calamity or national emergency, the Philippine Government, upon order of the President shall have the right to take over and operate the equipment of the grantee, paying for its use or damages.

SEC. 9. *Eminent Domain.* - With the approval of the President of the Republic of the Philippines and subject to the limitations and procedures prescribed by law, the grantee shall be authorized to exercise the right of eminent domain as may be reasonably necessary for its stations and other structures in connection with the grantee's activities.

No private property shall be taken for any purpose by the grantee without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority to take and occupy land contained herein shall not apply to the taking, use or

occupation of any land except such as is required for the actual purposes for which this franchise is granted.

SEC. 10. *Warranty in Favor of National and Local Governments.*

- The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 11. *Public Equity Participation.* - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make a public offering through the stock exchanges of at least thirty percent (30%) of its common stock within a period of ten (10) years from the date of the effectivity of this Act: *provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offering.

SEC. 12. *Tax Provisions.* - In consideration of the franchise and rights hereby granted, the grantee shall pay to the Philippine Government during the life of this franchise a franchise tax of five percent (5%) of the gross receipts derived by the grantee from its domestic air transport operations.

The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and the tax on its real property under existing law.

SEC. 13. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership, or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place the grantee herein at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the grantee herein.

SEC. 14. *Sale, Lease, Transfer, Assignment, Usufruct, etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation or legal entity, nor shall the controlling interest in the grantee be transferred to any such private person, firm, company, corporation or entity without *I* the prior approval of the Congress of the Philippines.

Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to all the conditions, terms, restrictions and limitations of this Act.

SEC. 15. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 16. *Legislative Amendment.* - This franchise is subject to amendment or repeal by the Congress of the Philippines when the common good so requires.

SEC. 17. *Separability Clause.* - If any section or provision of this franchise, as amended, is held or declared unconstitutional or invalid by a competent court in a final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this franchise.

SEC. 18. *Repealing Clause.* - All laws, decrees, orders, instructions, and rules and regulations or parts thereof which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 19. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on February 3, 1992.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on January 15, 1992.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fifth Regular Session

Begun and held in the City of Manila on Monday, the twenty second
day of July, nineteen hundred and ninety one

[REPUBLIC ACT NO. 7304]

AN ACT GRANTING THE ASTRO AIR INTERNATIONAL,
INC., A FRANCHISE TO ESTABLISH, OPERATE AND
MAINTAIN DOMESTIC AND INTERNATIONAL AIR
TRANSPORTATION SERVICES AND OTHER ALLIED
SERVICES FOR THE CARRIAGE AND TRANSFER OF
PASSENGERS, MAIL, GOODS AND OTHER PROPERTY
BY AIR AND FOR OTHER PURPOSES

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted the Astro Air International, Inc., hereunder referred to as the grantee, its successors or assigns a franchise to establish, operate and maintain domestic and international air transportation services and other allied services for the carriage and transfer of passengers, mail, goods and other property by air.

Air transport services shall include the maintenance and operation of hangars' and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations issued from time to time

by the proper agencies of the Government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. Prior Approval of the Civil Aeronautics Board. -

The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the Government of the Philippines.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non scheduled and/or charter air transport services between Manila and any and all points and places throughout the Philippines and between Manila and other countries such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. Rates for Services. - The grantee shall fix and charge reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the Government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of forty (40) years from the date of the effectivity of this Act, unless sooner revoked or cancelled. In the event that the grantee fails to operate within two (2) years from the effectivity of this Act, this franchise shall be deemed *ipso facto* revoked.

SEC. 6. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the Government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may impose: *Provided,* That the Philippine Government shall have the right to use such landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 7. Contracts. - The grantee is hereby authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or service contracts, and such other contracts relating to air transport with other foreign-owned airlines, particularly with those which have international routes.

SEC. 8. Right of Government. - In case of war, insurrection, domestic trouble, public calamity or national emergency, the Philippine Government, upon order of the President, shall have the right to take over and operate the equipment of the grantee, paying for its use or damages.

SEC. 9. Public Equity Participation. - In compliance with the constitutional mandate to democratize ownership of public utilities,

the herein grantee shall make a public offering through the stock exchanges of at least thirty percent (30%) of its common stocks within a period of ten (10) years from the date of effectivity of this Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

SEC. 10. *Warranty in Favor of National and Local Governments.*

- The grantee shall hold the national, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted, attributable solely to an act or omission of the grantee.

SEe. 11. *Tax Provisions.* - The grantee shall pay to the Philippine Government during the life of this franchise a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations.

In the event that any competing individual, partnership and corporation receives and enjoys tax privileges which tend to place the grantee herein at any disadvantage, then such provisions shall be deemed part hereof and shall operate equally in favor of the grantee. The grantee shall however be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation.

SEC. 12. *Sale, Lease, Transfer, Assignment, Usufruct, etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation, or legal entity, nor shall the controlling interest in the grantee be transferred to any such private person, firm, company, corporation, or entity without the prior approval of Congress.

Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to all the conditions, terms, restrictions, and limitations of this Act.

SEC. 13. *Legislative Amendment/Repeal.* - This franchise is Subject to amendment or repeal by Congress when the common good so requires.

SEC. 14. *Separability Clause.* - If any section or provision of this franchise is held or declared unconstitutional or invalid by a competent court in a final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this Act.

SEC. 15. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on February 3, 1992.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on February 3, 1992.

*Secretary of the House
Of Representatives*

Approved:
March 26, 1992

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fifth Regular Session

Begun and held in the City of Manila on Monday, the twenty second day of July, nineteen hundred and ninety one

[REPUBLIC ACT NO. 7349]

AN ACT GRANTING TO SILANGAN AIR WA YS, INC., A FRANCHISE TO ESTABLISH, OPERATE AND MAINTAIN TRANSPORT SERVICES FOR CARRIAGE OF PASSENGERS, MAILS, GOODS AND PROPERTY BY AIR BOTH DOMESTIC AND INTERNATIONAL

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to the Silangan Airways, Inc., hereunder referred to as the grantee, its successors or assigns a franchise to establish, operate and maintain transport services for carriage of passengers, mails, goods and property by air both domestic and international.

Air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminals and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction finding, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the Government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the

grantee's services.

SEC. 2. Prior Approval of the Civil Aeronautics Board.

The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee and the flight-crew members operating such aircraft shall be licensed by the Government of the Philippines and together with its accessories and equipment shall at all times be in airworthy condition. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory body as the Government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or charter air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for the transportation of passengers, mails, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the Government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of forty (40) years from the date of the approval of this Act, unless sooner revoked or cancelled. In the event that the grantee fails to operate continuously for two (2) years, this franchise shall be deemed *ipso facto* revoked.

SEC. 6. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the Government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may prescribe, and reciprocally, the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 7. Contracts. - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those who have international routes.

SEC. 8. Right of Government. - In case of war, insurrection, domestic trouble, public calamity, or national emergency, the Philippine Government, upon order of the President, shall have the right to take over and operate the equipment of the grantee, paying

for its use or damages.

SEC. 9. *Public Equity Participation.* - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make public offering through the stock exchange of at least thirty percent (30%) of its common stock within a period of ten (10) years from the date of effectivity of this Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

SEC. 10. *Warranty in Favor of National and Local Governments.*

The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 11. *Tax Provisions.* - The grantee shall pay to the Philippine Government during the life of this franchise, a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations.

In the event any competing individual, partnership and corporation receives and enjoys tax privileges which tend to place the grantee herein at any disadvantage, then such provisions shall be deemed part hereof and shall operate equally in favor of the grantee. The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation.

SEC. 12. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership, or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place the herein grantee at any disadvantage, then such term and/or provision shall be deemed part hereof and shall operate equally in favor of the grantee herein.

SEC. 13. *Sale, Lease, Transfer, Assignment, Usufruct, etc.* -

The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise and the rights and privileges acquired thereunder to any person, firm, company, corporation, or legal entity, nor shall the controlling interest in the grantee be transferred to any such private person, firm, company, corporation or entity at a time when the corporation is not in operation without the prior approval of the Congress of the Philippines.

Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to all conditions, terms, restrictions and limitations of this Act.

SEC. 14. *Legislative Amendment.* - This franchise is subject to amendment or repeal by the Congress of the Philippines when the common good so requires.

SEC. 15. *Separability Clause.* - If any section or provision of this franchise, as amended, is held or declared unconstitutional or invalid by a competent court in final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this franchise.

SEC. 16. *Repealing Clause.* - All laws, decrees, orders, instructions, and rules and regulations or parts thereof which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 17. *Effectivity Clause.* - This Act shall take effect

fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on February 4, 1992.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on February 6, 1992.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fifth Regular Session

Begun and held in the City of Manila on Monday, the twenty second
day of July, nineteen hundred and ninety one

[REPUBLIC ACT NO. 7471]

AN ACT TO PROMOTE THE DEVELOPMENT OF PHILIPPINE
OVERSEAS SHIPPING

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

SECTION 1. *Title.* - This Act shall be known and cited as
the "Philippine Overseas Shipping Development Act."

SEC. 2. *Declaration of Policy.* - It is hereby declared the
policy of the Government of the Philippines to:

- (a) Develop and maintain a Philippine Merchant Marine
composed of well-equipped, safe and modern vessels most suited
for Philippine requirements and conditions, manned by qualified
Filipino officers and crew, and owned and operated under the Philippine
flag by citizens of the Philippines or by associations or corporations
organized under the laws of the Philippines, at least sixty
percent (60%) of the capital of which is owned by citizens of the
Philippines;
- (b) Assist in the development, recovery and expansion of
Philippine overseas shipping capable of meeting the requirements
of the expanding international trade of the Philippines;
- (c) Provide assistance to Philippine shipping enterprises and
encourage the long-range vessel acquisition, development, modernization
and expansion through private investments without direct
government financial assistance; and

(a) "Philippine overseas shipping" means the transport of

goods and/or passengers by a ship owned and operated under the Philippine flag by a Philippine shipping enterprise, except when the ship is operated solely between ports in the Philippines;

(b) "Philippine shipping enterprise" means a citizen of the Philippines or an association or corporation organized under the laws of the Philippines, at least sixty percent (60%) of the capital of which is owned by citizens of the Philippines and engaged exclusively in Philippine overseas shipping;

(d) "Monetary authority" means the Central Bank of the Philippines and any other agency in charge of foreign exchange controls; and

(e) "Regulations" means the rules and regulations promulgated pursuant to Section 10 hereof.

SEC. 4. *Foreign Exchange Requirements.* - Foreign exchange requirements of Philippine shipping enterprises for the purchase of oceangoing vessels for registration under the Philippine flag, for repair or improvement of vessels, for importation of engines, spare parts, accessories, supplies, containers and for other expenses required for the operation of vessels in foreign ports or in the high seas, when recommended by the MARINA, shall be made available to the Philippine shipping enterprise subject to the regulations.

SEC. 5. *Acquisition of Oceangoing Vessels.* - Philippine shipping enterprises may likewise acquire oceangoing vessels for Philippine overseas shipping upon approval by the MARINA, subject to the guidelines prescribed in the regulations: *Provided*, That:

(a) The funds utilized in the acquisition of the vessel are financed from sources other than the Philippine banking system;

(b) No guaranty of the monetary authority or of any Philippine government or private financial institution is granted or extended for the purpose;

(c) The vessel serves as sole collateral for the financing of the vessel and no other asset of the Philippine shipping enterprise is pledged, mortgaged, or used as security in case of default;

(d) All foreign exchange requirements for the servicing of the loan, the operation, maintenance and repair of the vessel, the purchase of supplies and related equipment shall be financed solely from earnings derived from the operation of the vessel and no foreign exchange shall be made available by the monetary authority and the Philippine banking system for these purposes;

(e) Mortgage documents and/or other financial agreements shall be filed with the monetary authority and such other government agencies in charge of such mortgage formalities; and

(1) Any excess foreign exchange earning shall be inwardly remitted and surrendered to the Philippine banking system.

SEC. 6. *Exemption from Import Duties and Taxes.* - The importation by a Philippine shipping enterprise of oceangoing vessels for registration under the Philippine flag shall be exempt from the payment of import duties and taxes. The spare parts for the repair and/or overhaul of vessels shall likewise be exempt from the payment of import duties and taxes: *Provided*, That such items are destined or consigned either to:

(a) A Philippine dry-docking or repair facility, accredited by the MARINA and registered as a customs-bonded warehouse, which will undertake the necessary repairs and works on the vessel; and

(b) The vessel in which the items are to be installed: *Provided*, That, if such items are found in locations other than the two (2)

aforementioned ones or in places not authorized by customs, the person or entity in possession of such items shall be subject to full duties and taxes, including surcharges and penalties.

Local manufacturers or dealers who sell machinery, equipment, materials and spare parts to a Philippine shipping enterprise shall be entitled to tax credits for the full amount of import duties and taxes actually paid thereon, or on parts or components thereof, subject to the approval of the Secretary of Finance, upon the recommendation of the MARINA.

SEC. 7. Exemption from Income Tax. - A Philippine shipping enterprise shall be exempt from payment of income tax on income derived from Philippine overseas shipping for a period of ten (10) years from the date of approval of this Act: *Provided*, That:

- (a) The entire net income, after deducting not more than ten percent (10%) thereof for distribution of profits or declaration of dividends, which would otherwise be taxable under the provisions of Title II of the National Internal Revenue Code, is reinvested for the construction, purchase, or acquisition of vessels and related equipment and/or in the improvement or modernization of its vessels and related equipment in accordance with the regulations; and
- (b) The cumulative amount so reinvested shall not be withdrawn for a period of ten (10) years after the expiration of the period of income tax exemption or until the vessel or related equipment so acquired have been fully paid, whichever date comes earlier.

Any amount not so invested or withdrawn prior to the expiration of the period stipulated herein shall be subject to the corresponding income tax, including penalties, surcharges and interests.

SEC. 8. Registration and Deletion of Vessels. - All vessels owned by Philippine shipping enterprises and availing of the incentives under this Act shall be registered under the Philippine flag.

Said vessels can only be deleted from the Philippine registry after the MARINA has determined that:

- (a) No other Philippine shipping enterprise is interested in acquiring the vessel; or

SEC. 9. Requisition of Vessels. - The President of the Philippines may, in times of war and other national emergency, requisition, absolutely or temporarily, for any naval or military purpose, any and all vessels of Philippine registry. The Government shall pay the owner or operator of the vessel, based on normal conditions at the time of requisition:

In case of disagreement, such fair value shall be determined by an arbitration committee composed of:

- (b) One (1) member to be appointed by the owner or operator of the vessel; and
- (c) One (1) member to be appointed by the two (2) members so appointed.

The decision of the arbitration committee shall be final and binding on both parties.

SEC. 10. Rules and Regulations. - The MARINA, in consultation with the monetary authority and the Department of Finance, shall jointly formulate and promulgate the rules and regulations necessary for the implementation of this Act taking into consideration the policies and programs of the Government for the development of the Philippine overseas shipping.

SEC. 11. Annual Report. - The MARINA, in coordination with the monetary authority and the Department of Finance, shall submit an annual report to the President of the Philippines and the

Congress of the Philippines on the implementation of this Act, which report shall include:

- (a) The amount of foreign exchange earned, acquired and spent by Philippine shipping enterprises;
- (b) The amount of income tax and import duties and taxes for which exemptions have been granted;
- (c) The additional oceangoing vessels constructed, purchased or acquired; the improvements made thereon and the additional related equipment procured; and
- (d) Such other information as the MARINA may deem necessary or the President of the Philippines may require.

SEC. 12. *Penal Provisions.* - Violation of the provisions of this Act or the rules and regulations promulgated to implement the same shall be punished by a fine of not more than Ten thousand pesos (P 10,000) or imprisonment for not more than five (5) years, or both such fine and imprisonment, at the discretion of the court. If the violation is committed by an association or corporation, the penalties prescribed hereunder shall be imposed on the president, the chief executive officer and the other officials and employees responsible for the violation.

If the violation is committed by a government official or employee, he shall, in addition to the penalties prescribed hereunder, be dismissed from the government service with all the administrative penalties accessory thereto.

SEC. 13. *Repealing Clause.* - All laws, executive orders, regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 14. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,

President of the Senate

Speaker of the Representatives

This Act which is a consolidation of House Bill No. 4251 and Senate Bill No. 963 was finally passed by the House of Representatives and the Senate on December 12, 1991 and January 23, 1992, respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:
May 5, 1992

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fifth Regular Session

Begun and held in the City of Manila on Monday, the twenty second
day of July, nineteen hundred and ninety one

[REPUBLIC ACT NO. 7583]

AN ACT GRANTING THE ABOITIZ AIR TRANSPORT
CORPORATION A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN TRANSPORT SERVICES
FOR THE CARRIAGE OF GOODS, MAIL AND OTHER
PROPERTY BY AIR, BOTH DOMESTIC AND INTERNATIONAL

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to
the provisions of the Constitution and applicable laws, rules and
regulations, there is hereby granted to the Aboitiz Air Transport
Corporation, hereunder referred to as the grantee, its successors or
assigns a franchise to establish, operate and maintain transport
services for the carriage of goods, mail and other property by air,
both domestic and international.

Air transport services shall include the maintenance and
operation of hangars and aircraft services stations and facilities and
other services of similar nature which may be necessary, convenient
or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminals and landing
fields, as well as in its aircraft, to construct, operate and maintain
stations or transmitting sets for wireless telegraphy and direction
findings, and other radio aids to air navigation, using wavelengths in
accordance with the rules and regulations made from time to time

by the proper agencies of the Government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. Prior Approval of the Civil Aeronautics Board. -

The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the Government of the Philippines. They shall be equipped with radio communication, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies as the Government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non scheduled and/or charter air transport services between Manila and any and all points and places throughout the Philippines and between Manila and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all frequencies shall be for the domestic market.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for the transportation of mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the Government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of forty (40) years from the date of effectivity of this Act, unless sooner revoked or cancelled. In the event that the grantee fails to operate within two (2) years from the effectivity of this Act, this franchise shall be deemed *ipso facto* revoked.

SEC. 6. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the Government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may prescribe and, reciprocally, the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 7. Contracts. - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon terms and conditions to be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 8. Right of Government. - In case of war, insurrection, domestic trouble, public calamity or national emergency, the Philippine Government, upon order of the President, shall have the right

to take over and operate the equipment of the grantee, paying for its use or damages.

SEC. 9. *Public Equity Participation.* - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make the public offering through the stock exchange of at least thirty percent (30%) of its common stock within a period of ten (10) years from the date of effectivity of this Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

SEC. 10. *Warranty in Favor of National and Local Governments.*

The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted attributable solely to the act or omission of the grantee.

SEC. 11. *Tax Provisions.* - In consideration of the franchise and the rights hereby granted, the grantee shall pay to the Philippine Government during the life of this franchise a franchise tax of five percent (5%) of the gross revenues derived by the grantee from transport operations.

In the event that any competing individual, partnership or corporation receives and enjoys tax privileges which tend to place the herein grantee at any disadvantage, then such provisions shall be deemed part hereof and shall operate equally in favor of the grantee. The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation.

SEC. 12. *Sale, Lease, Transfer, Assignment, Usufruct of Franchise.* - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation, or legal entity, nor merge with any other corporation or entity, without the prior approval of the Congress of the Philippines. Neither shall the controlling interest in the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such private person, firm, company, corporation or entity without the prior approval of the Congress.

Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to all the conditions, terms, restrictions and limitations of this Act.

SEC. 13. *Legislative Amendment.* - This franchise is subject to amendment or repeal by Congress when the common good so requires.

SEC. 14. *Separability Clause.* - If any section or provision of this franchise is held or declared unconstitutional or invalid by a competent court in a final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this franchise.

SEC. 15. *Repealing Clause.* - All laws, decrees, orders, instructions and rules and regulations, or parts thereof, which are inconsistent herewith are hereby repealed or modified accordingly.

SEC. 16. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 17. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on January 23, 1992.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on February 3, 1992.

*Secretary of the House
Of Representatives*

Approved:
May 27, 1992

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fifth Regular Session

Begun and held in the City of Manila on Monday, the twenty fifth
day of July, nineteen hundred and ninety four

[REPUBLIC ACT NO. 7909]

AN ACT GRANTING A FRANCHISE TO PACIFIC
AIRWA YS CORPORATION TO ESTABLISH AND
MAINTAIN RURAL AIR TRANSPORT SYSTEM AND
ALLIED SERVICES IN THE PHILIPPINES

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

SECTION 1. There is hereby granted to Pacific Airways Corporation, hereinafter referred to as the grantee, a franchise to establish, operate and maintain rural air transport services for the carriage of passengers, cargo and mail, industrial flights, aerial agricultural spraying, aerial environmental protection and management and related services, in and between municipalities, cities or provinces and all points and places throughout the Philippines and to enhance efficiency in the provision of such services to manufacture, overhaul, assemble and repair aircraft components, parts, tools, engines, airframes, propellers, and related parts.

SEC. 2. As used in this Act, the phrase "rural air transport" shall mean the service of providing air transport in and between municipalities, cities or provinces and all points and places throughout the Philippines as short-haul carriers, making such service an essential part of the national transportation network.

SEC. 3. Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled

or non-scheduled air transport services in and between any and all points and places throughout the Philippines at such frequencies as traffic needs may require.

SEC.4. The grantee shall secure the prior approval of the Civil Aeronautics Board in determining its routes and rates for scheduled and non-scheduled passenger and/or freight services.

SEC. 5. Subject to such term{ and conditions as the Philippine government may prescribe, the grantee may use the landing and replenishment facilities on land or water, as may be maintained or owned by the government of the Philippines, . excepting those which, in the opinion of said government, may not be used by the grantee because of military or naval considerations, and reciprocally, the Philippine government shall have the right to use such landing and replenishment facilities on land or water maintained and owned by the grantee in the Philippines.

SEC. 6. The grantee shall have the right at its terminals and landing fields, as it is allowed to use under Section 5 hereof, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation using wavelengths or frequencies in accordance with the rules and regulations made by the National Telecommunications Commission: *Provided however*, That the wireless communications facilities shall be used solely for receiving and transmitting weather forecasts and messages relating to the grantee's aircraft and other matters in connection with the grantee's services.

SEC. 7. The grantee shall be authorized to establish a responsive system with the Philippine Air Force involving the agreement of service credits that will permit drawings of the grantee from the Philippine Air Force of such services as aircraft parts and fuel in order to meet its needs, and the repayments by future goods and services to be drawn by the Philippine Air Force.

SEC. 8. The grantee shall be authorized to enter into transportation contracts with the Philippine government, including the carrying of mail, under such terms and conditions to be mutually agreed upon. The grantee may likewise enter into transportation and/or servicing contracts and such other contracts relating to air transport with other foreign-owned airline particularly those with international routes.

SEC 9. The grantee may, from time to time, be deputized by the Air Transportations Office especially in areas relating to the enforcement of air safety standards.

SEC. 10. Subject to the limitations and procedures prescribed by law, the grantee shall be authorized to exercise the right of eminent domain as may be reasonably necessary for its landing fields, hangars, docks, ramps, wireless stations, and other structures in connection with the grantee's activities.

No private property shall be taken for any purpose without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority to take and occupy land as provided herein, shall not apply *to* the taking, use or occupation of any land except such as is required for the actual purpose for which this franchise is granted.

SEC. 11. The grantee shall hold the national, provincial, city or municipal governments of the Philippines harmless from all claims, demands, or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under which this franchise is hereby granted .

SEC.12. The grantee shall pay to the Philippine government during the life of this franchise a franchise tax of five (5%) of the gross revenues derived by the grantee from transport operations.

The grantee shall however be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation.

SEC.13. This franchise is granted with the understanding that the grantee is a corporation sixty percent (60%) of the capital stock of which is the *bona fide* property of citizens of the Philippines and that the interest of such citizens in its capital stock or in the capital of the company with which it may merge shall at no time be allowed to fall below such percentage, under the penalty of cancellation of this franchise.

SEC. 14. This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event any competing individual, partnership, or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place the grantee herein at any disadvantage, then such terms and/or provisions shall *ipso facto* become part hereof and shall operate equally in favor of the grantee herein.

SEC. 15. The franchise hereby granted shall be subject to amendment, alteration or repeal by the Congress of the Philippines.

SEC. 16. The term of this franchise shall be fifty (50) years from the date of the effectivity of this Act.

SEC. 17. The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise, nor the rights or privileges acquired thereunder, to any person, firm, company, corporation, or other commercial or legal entity, nor merge with any other company or corporation organized for the same purpose, without the prior approval of the Congress of the Philippines. Any person, firm, company, corporation or other commercial or legal entity to which this franchise is sold, transferred or assigned shall be subject to all the conditions, terms, restrictions and limitations of this franchise as fully and completely and to the same extent as if the franchise had been granted to the same person, firm, company, corporation or commercial or legal entity.

SEC. 18. This franchise shall not be valid unless the grantee accepts the same within two (2) years after its effectivity. Filing such acceptance in writing shall be made with the Civil Aeronautics Board.

SEC. 19. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on February 2, 1995.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on February 6, 1995.

*Secretary of the House
Of Representatives*

Approved:
February 23, 1995

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila
Third Regular Session

Begun and held in the City of Manila on Monday, the twenty fifth
day of July, nineteen hundred and ninety-four

[REPUBLIC ACT NO. 8103]

AN ACT GRANTING A FRANCHISE TO ALL ASIA
AIRLINES CO., INC., TO ESTABLISH AND MAINTAIN
AIR TRANSPORT SERVICES THROUGHOUT THE
PHILIPPINES AND/OR BETWEEN THE PHILIPPINES
AND OTHER COUNTRIES

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

SECTION 1. It is the policy of the State, as set forth in Executive Order No. 333 dated 16 August 1988, to encourage the operation and development of air transport industry and to further encourage healthy competition in order to promote the sound development of the same industry.

SEC. 2. There is hereby granted to All Asia Airlines Co., Inc., hereinafter referred to as the grantee, a franchise to establish, operate and maintain scheduled and/or non-scheduled and/or charter air transport services for the carriage of passengers, mail, freight and property by air, in and between any and all points and places throughout the Philippines and between the Philippines and other countries as a designated flag carrier.

SEC. 3. Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or charter air transport services in and between any and all points and/or places throughout the

Philippines, as well as between the Philippines and other countries, at such frequencies as traffic needs may require.

The term "air transport services" shall include the maintenance and operation of hangars, aircraft service stations, passenger and/or cargo terminals, lodges, warehouses, facilities, and other services which may be necessary, convenient, or useful as an auxiliary to aircraft transportation.

SEC. 4. The grantee shall fix just and reasonable rates for the transportation of passengers, mail, freight, and property subject to the regulation and approval of the Civil Aeronautics Board or such other regulatory agencies as the government may designate for this purpose. Any order of the Civil Aeronautics Board made under this section shall be subject to review by the courts.

All aircraft used by the grantee and the flight crew members operating such aircraft shall be licensed by the government of the Philippines.

The grantee's aircraft, together with their accessories and equipment, shall at all times be in airworthy condition. They shall be equipped with radio communication, safety and other equipment, and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies as the government may prescribe for this purpose.

The grantee's equipment and the operation thereof shall at all times be subject to inspection and regulation by the Air Transportation Office whose decisions on technical matters shall be binding until revoked or annulled by superior authority under whose control this office falls or by the courts for excess or abuse of jurisdiction.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, as amended, and the regulations promulgated thereunder.

SEC. 5. Subject to such terms and conditions as the Philippine government may prescribe, the grantee may use the landing and other airport facilities on land or water as may be maintained or owned by the government within the Philippines on the grantee's lines, excepting those which, in the opinion of the government, may not be used by the grantee because of military or naval considerations. Reciprocally, the government shall have the right to use the landing and other airport facilities on land or water maintained or owned by the grantee in the Philippines.

SEC. 6. The grantee shall have the right at its terminals and landing fields, as it is allowed to use under Section 5 hereof, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation using wavelengths or frequencies in accordance with the rules and regulations made by the government: *Provided, however,* That the wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and messages relating to the grantee's aircraft and other matters in connection with the grantee's services.

SEC. 7. The grantee is authorized to enter into transportation contracts with the government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine government and, reciprocally, the latter shall give preferential consideration to contracts with the grantee in the carrying of passengers, mail, freight and property.

The grantee may likewise enter into transportation maintenance and/or servicing contracts and such other contracts relating to air transport with other foreign-owned airlines, particularly those which have international routes.

SEC. 8. In case of war, insurrection, civil disturbance or other national emergency, and when the public interest so requires, the government, upon order of the President, may temporarily take over or direct the operations of the grantee paying just compensation for such use and for damages that may result therefrom.

SEC. 9. With the approval of the President of the Philippines and subject to the limitations and procedures prescribed by law, the grantee shall be authorized to exercise the right of eminent domain as may be reasonably necessary for its stations and other structures in connection with the grantee's activities and operations.

No private property shall be taken for any purpose by the grantee without proper condemnation proceedings and just compensation paid or tendered therefor, and any authority to take and occupy land contained herein shall not apply to the taking, use or occupation of any land except such as is required for the actual purposes for which this franchise is granted.

SEC. 10. The grantee shall not issue stock or bonds except in exchange for actual cash or for property at least equal in value to the par value of the stock or bonds so issued or for services rendered as provided under existing corporate laws: *Provided, however,* That it may issue stock, bonds, or property dividends upon compliance with the requirements of applicable laws.

SEC. 11. The provisions of existing laws to the contrary notwithstanding, the grantee is hereby authorized, to hire or employ foreign nationals with special qualifications, competence, or experience, or otherwise avail of the services of foreign firms or entities under an appropriate contract, who/which are needed by the grantee for the efficiency and improvement of its operations and other business activities.

It shall be unlawful for the grantee to use, employ, or contract for the labor of persons held in involuntary servitude.

SEC. 12. The grantee shall hold the national, provincial, and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under which this franchise is hereby granted.

SEC. 13. In consideration of the franchise and the rights hereby granted, the grantee shall pay to the Philippine government during the life of this franchise a franchise tax of five percent (5%,) of the gross revenues derived' by the grantee from transport operations.

The grantee shall, however, be subject to income tax levied under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws or revenues earned from activities other than air transportation.

SEC. 14. In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make public offering through the stock exchange of at least thirty percent (30%) of its common stock within a period of ten (10) years from the date of effectivity of this Act: *Provided, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.*

SEC. 15. Within two (2) years after the effectivity of this Act,

the grantee shall file with the Secretary of Transportation and Communications its written acceptance of the franchise and of all the terms and conditions hereof, and in default of such acceptance within the time so limited, this franchise shall become null and void.

SEC. 16. This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any individual, partnership, or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place the herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 17. This franchise is granted with the understanding that the grantee is a corporation, at least sixty percent (60%) of the capital stock of which is owned and controlled by citizens of the Philippines and that the interest of such citizens in its capital stock or in the capital stock of the company with which it may merge or consolidate shall at no time be allowed to fall below such percentage, under the penalty of cancellation of this franchise.

SEC. 18. This franchise is granted with the understanding that it shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the common good so requires.

SEC. 19. The term of this franchise shall be fifty (50) years from the date of the effectivity of this franchise.

SEC. 20. The provisions of existing laws to the contrary notwithstanding, the Treasurer of the Philippines is hereby authorized to offset any outstanding obligation of the grantee to any agency or instrumentality of the Government with any receivable of the grantee from any agency or instrumentality of the government.

SEC. 21. The grantee shall not, without the prior approval of the Congress of the Philippines, lease, transfer, grant the usufruct of, sell, or assign this franchise nor the rights and privileges acquired thereunder to any person, firm, company, corporation, or any other commercial or legal entity, nor merge or consolidate with any other company or corporation organized for the same or any other purpose. Any corporation to which this franchise may be sold, transferred or assigned or with which the grantee may merge or consolidate, with the approval from the above-mentioned, shall be subject to the corporation laws of the Philippines now existing or hereafter enacted, and any person, firm, company, corporation or other commercial or legal entity to which this franchise is validly sold, transferred or assigned or with which the grantee may merge or consolidate, shall be subject to all the conditions, terms, restrictions, and limitations of this franchise as fully and completely and to the same extent as if this franchise had been originally granted to such person, firm, company, corporation or other commercial or legal entity.

SEC. 22. Upon termination of this franchise by repeal, forfeiture, annulment, or expiration in due course, all public land and the right to occupy and use the same, granted to the grantee, shall revert to the Philippine government.

SEC. 23. If any section or provision of this franchise is held or declared unconstitutional or invalid by a competent court in a final judgment, the other sections or provisions hereof shall continue to be in force as if the section or provision so annulled or voided had never been incorporated in this franchise.

SEC. 24. All laws, decrees, orders, instructions, rules and regulations or parts thereof inconsistent herewith are hereby

repealed or modified accordingly.

SEC. 25. This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of national circulation.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on February 27, 1995.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on February 28, 1995.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Tenth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty second
day of July, nineteen hundred and ninety-six

[REPUBLIC ACT NO. 8339]

AN ACT GRANTING AIR PHILIPPINES CORPORATION
(AIR PHILIPPINES) A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN DOMESTIC AND
INTERNATIONAL AIR TRANSPORTSERVICES

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Air Philippines Corporation, hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate and maintain transport services for the carriage of passengers, mail, goods and property by air, domestic and international.

Air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminal and landing fields, as well as in its aircraft, to construct, operate and maintain

stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. *Civil Aeronautics Board.* - The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations..

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the Government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven Hundred and Seventy-Six (*RA. No. 776*), and the regulation promulgated thereunder from time to time.

SEC.3. *Responsibility to the Public.* - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. *Rates for Services.* - The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the government.

SEC. 5. *Term of Franchise.* - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its permit by the Civil Aeronautics Board;
- (c) Commence operations within two (2) years from the effectivity of this Act.

SEC. 6. *Acceptance and Compliance.* - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this. Act.

Non-acceptance shall render the franchise void.

SEC. 7. *Bond.* - The grantee shall file a bond issued in favor of the Civil Aeronautics Board, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise, the bond shall be forfeited in favor of the

government and the franchise *ipso facto* revoked.

SEC. 8. *Landing Facilities.* - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may impose: *Provided*, That the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 9. *Contracts.* - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 10. *Right of Government.* - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 11. *Tax Provisions.* - The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay the value-added tax under Republic Act No. 7716, as amended, or a franchise tax of five percent (5%) *per annum* or at such percentage as may be prescribed by law on all gross receipts of its air transport business transacted under this franchise, whichever is higher: *Provided*, That the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The grantee shall make the return with, and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

SEC. 12. *Warranty in Favor of National and Local Governments.* - The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 13. *Sale, Lease, Transfer, Usufruct, etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal

entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC. 14. *Dispersal of Ownership.* - In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty *percentum* (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange -in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 15. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 16. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SEC. 17. *Repeatability and Nonexclusivity Clause.* - Thus franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 18. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 19. *Effectivity.* This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

Finally passed by the Senate on June 5, 1997.

Secretary of the Senate

This Act, which originated in the House of Representatives, was finally passed by the same on June 5, 1997.

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Tenth Congress

Third Regular Session

Begin and held in the City of Manila on Monday, the twenty-eight
day of July, nineteen hundred and ninety-seven

[REPUBLIC ACT NO. 8506]

AN ACT BANNING THE REGISTRATION AND OPERATION
OF VEHICLES WITH RIGHT-HAND STEERING WHEEL
IN ANY PRIVATE OR PUBLIC STREET, ROAD OR
HIGHWAY, PROVIDING PENALTIES THEREFOR AND
FOR OTHER PURPOSES

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

SECTION I. It shall be unlawful for any person to import, cause
the importation of, register, cause the registration of, use, or operate any
vehicle with its steering wheel right-hand side thereof in any highway,
street or road, whether private or public or of the national or local
government except such vehicles that are acknowledged as vintage
automobiles, manufactured before 1960, in showroom condition, and/or
are to be utilized exclusively for officially and legally sanctioned
motorsports events, and off-road special purpose vehicles.

SEC. 2. The penalty of *prision correccional* in its medium period
and a fine of Fifty thousand pesos (P50,000) shall be imposed upon any
person violating the provisions of this Act.

SEC. 3. This Act shall take effect immediately after its complete
publication in the *Official Gazette* or in at least two (2) national

newspapers of general circulation.
Approved,

President of the Senate

Speaker of the Representatives

This Act, which is a consolidation of Senate Bill No. 1568 and House Bill No. 129 was finally passed by the Senate and the House of Representatives on February 6, 1998.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:
February 13, 1998

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Tenth Congress

Third Regular Session

Begin and held in the City of Manila on Monday, the twenty-eight
day of July, nineteen hundred and ninety-seven

[REPUBLIC ACT NO. 8583]

AN ACT GRANTING THE GRAND INTERNATIONAL
AIRWAYS, INC. (GRAND AIR), A FRANCHISE TO
ESTABLISH, OPERATE AND MAINTAIN DOMESTIC
AND INTERNATIONAL AIR TRANSPORT SERVICES

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

SECTION 1. *Nature and Scope of Franchise*. Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Grand International Airways, Inc. (Grand Air), hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate and maintain transport services for the carriage of passengers, mail, goods and property by air, both domestic and international. Air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation. The grantee shall have the right at its terminal and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction

findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC.2. Civil Aeronautics Board. The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six, and the regulation promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public .. Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or nonscheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. Rates for Services .. The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or canceled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its permit by the Civil Aeronautics Board;
- (b) Operate continuously for two (2) years; and
- (c) Commence operations within two (2) years from the effectivity of this Act.

SEC. 6. Acceptance and Compliance. - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

SEC. 7. Bond .. The grantee shall file a bond issued in favor" of the Civil Aeronautics Board, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be canceled by the Board. Otherwise, the bond shall be forfeited in favor of the

government and the franchise *ipso facto* revoked.

SEC. 8. *Landing Facilities* .. The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine government may impose: *Provided*, That the Philippine government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 9. *Contracts* .. The grantee is authorized to enter into transportation contracts with the Philippine government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes .

SEC. 10. *Right of Government* .. A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 11. *Tax Provisions* .. The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay the value added tax under Republic Act No. 7716 or a franchise tax of five percent (5%) *per annum* or at such percentage as may be prescribed by law, on all gross receipts of its air transport business transacted under this franchise, whichever is higher: *Provided*, That the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

The grantee shall file the return with and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue .

In the event that any competing individual, partnership or corporation receives or enjoys tax privileges and other favorable terms which tend to place the herein grantee at any disadvantage, then such provisions shall be deemed *ipso facto* part hereof and shall operate equally in favor of the grantee .

SEC. 12. *Warranty in Favor of National and Local Governments* . The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims; accounts, demands or actions arising out of accidents or

injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 13. *Sale, Lease, Transfer, Usufruct., Etc.* .. The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 14. *Dispersal of Ownership.* In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty *percentum* (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 15. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership, or corporation shall receive a similar permit, authority or franchise with terms and/or provisions more favorable than those herein granted or which tend to place herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 16. *Separability Clause* .. If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SEC. 17. *Repeatability and Nonexclusivity Clause* . This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 18. *Reportorial Requirement* . The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 19. *Effectivity* . This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on November 25, 1997 and October 28, 1997 respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Eleventh Congress

First Regular Session

Begun and held in the City of Manila on Monday, the twenty-seventh
day of July, nineteen hundred and ninety-eight

[REPUBLIC ACT NO. 8750]

AN ACT REQUIRING THE MANDATORY COMPLIANCE
BY MOTORISTS, OF PRIVATE AND PUBLIC VEHICLES
TO USE SEAT BELT DEVICES, AND REQUIRING
VEHICLE MANUFACTURERS TO INSTALL SEAT BELT
DEVICES IN ALL THEIR MANUFACTURED VEHICLES

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

SECTION 1. *Short Title.* - This Act shall be known as the "Seat Belts Use Act of 1999."

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to secure and safeguard its citizenry, particularly the passengers and drivers of private and public motor vehicles, from the ruinous and extremely injurious effects of vehicular accidents. Towards this end, the State shall pursue a more proactive and preventive approach in order to secure the safety of the passengers and drivers at all times with the mandatory enforcement of the use of seat belt devices by the drivers and front seat passengers of private and public motor vehicles.

SEC. 3. *Definition of Terms.* - For purposes of this Act, the term:

(b) "Seat belt device" shall refer to any strap, webbing or similar device in the form of pelvic restraint or lap belt, upper torso restraint or shoulder strap or a combination thereof designed to secure a person in a motor vehicle in order to mitigate the results of any accident, including all necessary buckles and other fasteners, and all hardware designed for installing such seat belt device in a motor vehicle.

(c) "Motor vehicle" shall refer to both private and public motor vehicle. The term shall not include the tricycle and motorcycle.

(d) "Private motor vehicle" shall refer to any of the following:

(1) Any motor vehicle owned by individuals and juridical persons for private use;

(2) Any motor vehicle owned by the National Government or any of its agencies, instrumentalities or political Subdivisions, including government-owned or -controlled corporations or their subsidiaries for official use; and

(e) "Public motor vehicle" shall refer to public utility vehicle or vehicle for hire.

(f) "Motor vehicle of running engine" shall refer to a vehicle as stated herein, operating and standing on any road or thoroughfare with engine running.

(g) "Front seat passengers" shall refer to persons on board a public utility vehicle seated at the right side beside the driver for public utility jeepneys (PUJs) and to passengers seated at the right side beside the driver and those at the first row immediately behind the driver in the case of public utility buses (PUBs) and to passengers seated on the right side beside the driver for private motor vehicles.

SEC. 4. Mandatory Use of Seat Belts. - For their own safety, the driver and front seat passengers of a public or private motor vehicle are required to wear or use their seat belt devices while inside a vehicle of running engine on any road or thoroughfare: *Provided*, That for private vehicles, except for jeeps, jeepneys, vans, buses and such other private vehicles as may be determined in the Implementing Rules and Regulations (IRR), front and back seat passengers are likewise required to use their seat belt devices at all times.

In the case of public motor vehicles, the driver shall be required to immediately inform and require the front seat passengers upon boarding a vehicle of running engine to wear the prescribed seat belts. Any passenger who refuses to wear seat belts shall not be allowed to continue his/her trip.

For special public service vehicles such as school services and other similar vehicles as may be determined by the IRR, seat belt devices should be provided and used by both drivers and front seat passengers as defined herein and the first row passengers immediately behind the driver at all times while inside a vehicle of running engine. Operational motor vehicles, both public and private, which are not equipped with the required seat belt devices, are given one (1) year from the issuance of the IRR by the Land Transportation Office (LTO) to retrofit appropriate seat belt devices in their vehicles.

SEC. 5. Children Prohibited to Sit in Front Seat. - Infants and/or children with ages six (6) years and below shall be prohibited to sit in the front seat of any running motor vehicle.

SEC. 6. Coverage. - This Act, in the interest of public safety, shall apply to drivers and front seat passengers of public and private motor vehicles and other vehicles as may be determined by the IRR thereon.

SEC. 7. Provisions for Seat Belt. - This Act further requires car manufacturers, assemblers and distributors to ensure that seat belt devices are properly installed before the distribution and sale of the said vehicles

as determined by the IRR thereon: *Provided*, That manufacturers, assemblers and distributors of jeepneys may install a pelvic restraint or lap belt only in the driver's and front seat passengers' seats and this shall be considered as substantial compliance with the requirements of this Act.

SEC. 8. *Importation*. - It shall be unlawful for any person to import or cause the importation of any vehicle without appropriate and operational seat belt devices as required herein and in accordance with the IRR thereon.

SEC. 9. *Type of Seat Belt Devices Required*. - The seat belt devices required to be installed in all motor vehicles shall comply with the standards and specifications established by the Bureau of Product Standards of the Department of Trade and Industry (DTI) in consultation with the LTO of the Department of Transportation and Communications (DOTC): *Provided*, That the seat belt devices installed in imported second-hand motor vehicles shall conform to the standards and specifications of the Bureau of Product Standards for purposes of importation and registration.

SEC. 10. *Registration*. - No new motor vehicle shall be allowed initial registration and succeeding renewal of registration unless it is equipped with the necessary seat belt devices. Renewal of registration of in-use vehicles without necessary seat belt devices shall not be allowed one (1) year after the passage of the IRR as specified in Section 11 of this Act. For this purpose, the LTO shall include in the implementing guidelines a system of vehicle registration where compliance with Section 4 hereof is required.

SEC. 11. *Period of Implementation*. - The LTO shall be the agency primarily responsible in the enforcement and implementation of this Act. Within sixty (60) days from the effectivity of this Act, the LTO shall formulate and issue the necessary implementing rules, regulations and guidelines and shall mobilize available resources to assure the effective implementation of this Act: *Provided*, That the LTO or its successor tasked with the implementation of this Act may require the use of special car seats for infants, if it is deemed necessary.

SEC. 12. *Penalties and Fines*. - In the enforcement of this Act, the LTO shall impose fines against drivers, operators, owners of vehicles, manufacturers, assemblers, importers and/or distributors for violation of this Act.

The following shall be the basis in defining fine and penalty provisions of the IRR to be promulgated pursuant to Section 11 hereof, provided that six (6) months grace period shall be allowed to lapse to conduct a nationwide information campaign:

(a) For failure to wear the prescribed seat belt devices and/or failure to require his passengers to wear the prescribed seat belt device, a minimum fine of One hundred pesos (P100) but not to exceed One thousand pesos (P1,000) for the first violation; a minimum fine of Two hundred pesos (P200) but not to exceed Two thousand pesos (P2,000) for the second violation; and a minimum fine of Five hundred pesos (P500) but not to exceed Five thousand pesos (P5,000) and suspension of driver's license for a period of one (1) week for the third and succeeding violations;

(b) Public utility vehicles shall post appropriate signages instructing front seat passengers to wear seat belts when inside the vehicle. Non-compliance hereof will hold both the driver and the operator liable and shall be fined a minimum of Three hundred pesos (P300) but not to exceed Three thousand pesos (P3,000) for every violation; and

(2) On any manufacturer, assembler, importer and distributor for every unit found without seat belt devices installed prior to its distribution

to the public, a minimum fine of Five thousand pesos (P5,000) but not to exceed Ten thousand pesos (P10,000) and suspension of the license to manufacture, assemble, import or distribute for a period of one (1) year for the first violation; a minimum fine of Ten thousand pesos (P10,000) but not to exceed Twenty thousand pesos (P20,000) and suspension of the license to manufacture, assemble, import or distribute for a period of two (2) years for the second violation; and a fine of Twenty thousand pesos (P20,000) but not to exceed Fifty thousand pesos (P50,000) and suspension of the license to manufacture, assemble, import or distribute for a period of five (5) years for the third violation.

SEC. 13. *Nationwide Public Information Campaign.* - (a) The LTO, in coordination with the Philippine Information Agency (PIA), the Department of Education, Culture and Sports (DECS) and private agencies and organizations, shall undertake a regular nationwide Information, Education and Communication (IEC) campaign for the attainment of the objectives of this Act. The campaign shall stress the safety and health value of seat belts to support the most effective enforcement of this Act.

(b) The LTO, in coordination with the local government units, shall likewise utilize the services of citizen groups and community organizations for the promotion of public safety awareness in observance of this Act.

(c) The fines that will be collected for the enforcement of this Act shall be used exclusively for the implementation of the provisions of this Act, including the necessary Information campaigns for the use of seat belt devices.

SEC. 14. *Separability Clause.* - If any provision, or part hereof, is held invalid or unconstitutional, the remainder of the law or provision not otherwise affected shall remain valid and subsisting.

SEC. 15. *Repealing Clause.* - Section 34, Article N of Republic 'Act No. 4136 is hereby amended and any law, executive order, decree, issuance, ordinance, rule and regulation or any part thereof contrary or inconsistent with the provisions of this Act is also hereby repealed, modified or amended accordingly.

SEC. 16. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act, which is a consolidation of Senate Bill No. 1137 and House Bill No. 7090 was finally passed by the Senate and the House of Representatives on June 3, 1999 and June 2, 1999, respectively.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:
August 5, 1999

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Eleventh Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-sixth
day of July, nineteen hundred and ninety-nine

[REPUBLIC ACT NO. 8794]

AN ACT IMPOSING A MOTOR VEHICLE USER'S CHARGE
ON OWNERS OF ALL TYPES OF MOTOR VEHICLES
AND FOR OTHER PURPOSES

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

SECTION1. *Declaration of Policy.* - It is hereby declared
as the policy of the State to provide for and ensure the
adequate maintenance of national and provincial roads through
sufficient funding for the purpose.

SEC. 2. *Coverage.* - In lieu of the registration fee under
Section 8 of Republic Act No. 4136, as amended by Batas
Pambansa Bilang 74, and the Private Motor Vehicle Tax under
Executive Order No. 43. series of 1986, there is hereby
imposed on every motor vehicle, whether for hire or for private
use, including government motor vehicles as more fully
provided in Section 3 hereof, a Motor Vehicle User's Charge
(MVUC) which shall be collected from and paid by the owner
of the motor vehicle.

SEC. 3. *Rates of the Motor Vehicle User's Charge.* - (a)

For private passenger cars registered as of the date of effectivity of this Act, the MVUC to be paid shall be the private motor vehicle tax under Executive Order No. 43, series of 1986, plus twenty-five percent (25%) for the first year, fifty percent (50%) for the second year, seventy-five percent (75%) for the third year, and one hundred percent (100%) for the fourth year and thereafter: *Provided, however.* That private passenger cars to be registered for the first time after the effectivity of this Act, shall be subject to the MVUC rates prescribed in Section 3(b) hereof.

(b) Except as provided under Section 3(a) hereof, for each motor vehicle under each of the categories as herein provided, the MVUC shall be collected from and paid by the vehicle owner, at the following base rates plus twenty-five percent (25%) in the first year from the effectivity of this Act; the said base rates plus fifty percent (50%) in the second year from the effectivity of this Act; the said base rates plus seventy-five percent (75%) in the third year from the effectivity of this Act; and the said base rates plus one hundred percent (100%) in the fourth year from the effectivity of this Act and thereafter: *Provided,* That the MVUC for sports utility vehicles shall be fifteen percent (15%) higher than the MVUC herein set for private utility vehicles: *Provided, further.* That motorcycles for hire with sidecars shall not pay more than Three hundred pesos (P300,00).

I. Private and Government

A. Passenger Cars

(1) GVW up to 1,600 kgs.	P 800.00
(2) GVW more than 1,600 kgs. -2,300 kgs.	1,800.00
(3) GVW more than 2,300 kgs.	4,000.00

B. Utility Vehicles

GVW up to 2,700 kgs.	P1,000.00
GVW more than 2,700 kgs.-4,500 kgs.	P1,000 + P20 per 100 kgs. of GVW over 2,700 kgs.

C. Motorcycles

without sidecar	P 120
with sidecar	150

D. Buses

GVW more than 4,500 kgs.	P900 + P12 per 100 kgs. of GVW over 2,700 kgs.
--------------------------	--

E. Trucks

GVW more than 4,500	kgs. P900 + P12 per 100 kgs. of GVW over 2,700 kgs.
---------------------	---

F. Trailers

GVW more than 4,500 kgs.	P12 per 100 kgs. of GVW
--------------------------	----------------------------

A. Passenger Cars

(1) GVW up to 1,600 kgs.	P 450
(2) GVW more than 1,600 kgs.-2,300 kgs.	900

(3) GVW more than 2,300 kgs.	2,500
B. Utility Vehicles	
GVW up to 4,500 kgs.	PI5 per 100 kgs. of GVW
C. Motorcycles	
without sidecar	P150
with sidecar	240
D. Buses	
GVW more than 4,500 kgs.	P15 per 100 kgs. of GVW
E. Trucks	
GVW more than 4,500 kgs.	P900 + P12 per 100 kgs. of GVW over 2,700 kgs.
F. Trailers	
GVW more than 4,500 kgs.	P12 per 100 kgs. of GVW

After the fourth year from the effectivity of this Act, the President of the Philippines may adjust the rates contained in Section 3 which shall be reflective of but shall not exceed the annual rate of increase of the Consumer Price Index (CPI). The President may adjust such rates not more than once every five (5) years.

SEC. 4. *Government Motor Vehicles.* - The manner of payment of the user's charge on government motor vehicles shall be in accordance with the procedure that shall be promulgated by the Secretary of the Department of Budget and Management (DBM).

SEC. 5. *Reclassification and New Models of Motor Vehicles.* - The Land Transportation Office (LTO) shall submit any recommendation for any change in the classification of motor vehicles above-listed for approval by the Secretary of the Department of Transportation and Communications (DOTC). All manufacturers and or assemblers of motor vehicles shall, not later than three (3) months prior to the introduction of any new model of motor vehicle in the market, submit the specifications of such new model to the LTO which shall recommend for approval by the said secretary, the proper classification of the new model and the rate of the MVUC under which the new model shall fall. The LTO shall also release the proper classification of said new motor vehicle model on or before the scheduled release of such new model to the market, but in no case later than three (3) months after its receipt of the new motor vehicle's specifications.

SEC. 6. *Penalty for Overloading.* - An amount equivalent to twenty-five percent (25%) of the MVUC shall be imposed on trucks and trailers for loading beyond their prescribed gross vehicle weight: *Provided*, That no axle load shall exceed thirteen thousand five hundred kilograms (13,500 kgs.).

SEC. 7. *Disposition of Monies Collected.* - All monies collected under this Act shall be earmarked solely and used exclusively (1) for road maintenance and the improvement of road drainage, (2) for the installation of adequate and efficient traffic lights and road safety devices, and (3) for air pollution control.

All such monies collected shall be deposited in four (4) special trust accounts in the National Treasury, namely: (1) Special Road Support Fund; (2) Special Local Road Fund; (3) Special Road Safety Fund; and (4) Special Vehicle Pollution Control Fund. The distribution of collections under this Act shall be as follows:

- (1) Eighty percent (80%) shall be allotted to and placed in the Special Road Support Fund;
- (2) Five percent (5%) shall be allotted to and placed in the Special Local Road Fund;
- (3) Seven and one-half percent (7.5%) shall be allotted to and placed in the Special Road Safety Fund; and
- (4) Seven and one-half percent (7.5%) shall be allotted to and placed in the Special Vehicle Pollution Control Fund.

The Special Road Support Fund, the Special Local Road Fund and the Special Road Safety Fund shall be under the DPWH, whereas the Special Vehicle Pollution Control Fund shall be under the DOTC.

Seventy percent (70%) of the Special Road Support Fund shall be used exclusively for the maintenance of, and the improvement of drainage of, national primary roads. The remaining thirty percent (30%) thereof shall be allocated and used for the maintenance, and improvement of drainage of national secondary roads throughout the country.

The costs of installation of adequate and efficient traffic lights and road safety devices throughout the country, where such traffic lights and safety devices are needed, shall be taken from the Special Road Safety Fund.

The Special Local Road Fund shall be apportioned to provincial and city governments in accordance with the vehicle population and size of the road network under their respective jurisdictions, and shall be used exclusively for maintenance of local roads, traffic management and road safety devices.

A Road Board to implement the prudent and efficient management and utilization of the special funds 'shall be organized by the President of the Philippines. The Road Board shall be composed of seven (7) members, with the Secretary of the DPWH as *ex officio* head, and the secretaries of the Departments of Finance, Budget and Management, and Transportation and Communications, as *ex officio members*. The remaining three (3) members shall come from transport and motorist organizations which have been in existence and active for the last five (5) years prior to this Act. They shall be appointed for a term of two (2) years each by the President of the Philippines upon the recommendation of the secretaries of the DPWH and the DOTC.

SEC. 8. Status of the Special Funds. - The four (4) special funds established under this Act ~hall be distinct and separate from and in addition to ~y appropriation authorized and granted yearly to the DPWH and the DOTC to cover expenditures for the identified objects of expenditures under this Act. Congress shall continue to appropriate' an amount in the General Appropriations Act for road maintenance' of the DPWH: *Provided, however,* That any savings for each year out of such appropriation shall revert to the General

Fund. Any savings from the special funds created herein shall accrue to these respective special funds.

SEC. 9. *Implementing Rules and Regulations.* - The secretaries of the DPWH and the DOTC shall jointly Within thirty (30) days from the effectivity of this 'Act, promulgate the rules and regulations to implement and carry out the intent, objectives, purposes and provisions of this Act, including such structural and procedural improvements in the systems and agencies concerned as may be necessary to ensure the prudent, wise, effective and efficient utilization of the special funds established under this Act: *Provided*, That the--Secretary of the DPWH shall prepare the portion of the implementing rules and regulations pertaining to the Special Road Support Fund, the Special Local Road Fund, and the Special Road Safety Fund, and the Secretary of the DOTC shall prepare the portion of the implementing rules and regulations pertaining to the collection of the MVUC stated under Section 3 of this Act and on the disposition of the monies accruing to the Special Vehicle Pollution Control Fund.

SEC. 10. *Prohibition Against the Imposition of Similar Charge on Users of Motor Vehicles.* - No other tax, fee or any other charge of similar nature, as the Motor Vehicle. User's Charge shall be imposed by any political subdivision or unit in the country. .

This provision shall apply to all motor vehicles, including tricycles, motorized pedicabs and "trisikads".

SEC. 11. *Repealing Clause.* - Except as provided under Section 3 hereof, all other provisions of Executive Order No. 43, series of 1986, and Section 8 of Republic Act No. 4136, as amended by Batas Pambansa Bilang 74, and all other laws, orders, issuances, circulars, rule and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 12. *Separability Clause.* If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected hereby shall continue to be in full force and effect.

SEC. 13. *Effectivity.* - This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,

President of the Senate

Speaker of the Representatives

This Act which is a consolidation of House Bill No. 6863 and Senate Bill No. 1830 was finally passed by the House of Representatives and the Senate on June 6, 2000 and April 11, 2000, respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:
June 27, 2000

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Eleventh Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-fourth
day of July, two thousand

[REPUBLIC ACT NO. 9039]

AN ACT GRANTING THE AIR MABUHAY CORPORATION A
FRANCHISE TO ESTABLISH, OPERATE AND
MAINTAIN DOMESTIC AND INTERNATIONAL AIR
TRANSPORT SERVICES FOR THE CARRIAGE OF
PASSENGERS, MAILS, GOODS AND PROPERTY, AND
OTHER ALLIED SERVICES

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

SECTION1. *Nature and Scope of Franchise.* - Subject to
the provisions of the Constitution and applicable laws, rules and
regulations, there is hereby granted to Air Mabuhay Corporation,
hereunder referred to as the grantee, its successors or assigns, a
franchise to establish, operate and maintain air transport services
for the carriage of passengers, mails, goods and property, both
domestic and international.

Air transport services shall include the maintenance and

operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation. The grantee shall have the right at its terminal and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. *Civil Aeronautics Board.* - The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew member's shall be licensed by the government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulations by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven Hundred and Seventy-Six, and the regulations promulgated there under from time to time.

SEC. 3. *Responsibility to the Public.* - Excepting in cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require:

Provided, however, That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. *Rates for Services.* - The grantee shall fix just and reasonable rates for the transportation of passengers, mails, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the government.

SEC. 5. *Term of Franchise.* - This franchise shall be for a term of twenty -five (25) years from the date of effectivity of this Act, unless sooner revoked or canceled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its permits by the Civil Aeronautics Board;
- (c) Commence operations within two (2) years from the effectivity of this Act.

SEC. 6. *Acceptance and Compliance.* - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Non acceptance shall render the franchise void.

SEC. 7. *Bond.* - The grantee shall file a bond issued in favor of the Civil Aeronautics Board, which shall determine the

amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 8. *Landing Facilities.* - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine government may impose: *Provided*, That the Philippine government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 9. *Contracts.* - The grantee is authorized to enter into transportation contracts with the Philippine government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 10. *Right of Government.* - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 11. *Warranty in Favor of National and Local Governments.* - The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 12. *Sale, Lease, Transfer, Usufruct, Etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 13. *Dispersal of Ownership.* - In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty percentum (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the commencement of its

operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. Interpretation of Franchise. - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership, or corporation shall receive a similar permit, authority or franchise with terms and/or provisions more favorable than those herein granted or which tend to place herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate in favor of the herein grantee.

SEC. 15. Separability Clause. - If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SEC. 16. Repealability and Nonexclusivity Clause. - This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 17. Reportorial Requirement. - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 18. Effectivity. - This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on May 31, 2000 and January 29, 2001, respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:
March 21, 2001

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Eleventh Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-fourth
day of July, two thousand

[REPUBLIC ACT NO. 9103]

AN ACT GRANTING THE LAOAG INTERNATIONAL
AIRLINES, INC. A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN DOMESTIC AND
INTERNATIONAL AIR TRANSPORT SERVICES

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

SECTION1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Laoag International Airlines, Inc., hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate and maintain air transport services for the carriage of passengers, mail, goods and property, both domestic and international.

Air transport services shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation. The grantee shall have the right at its terminal and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction

findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. Civil Aeronautics Board. - The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be airworthy and the crew members shall be licensed by the government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantee shall comply with the provisions of Republic Act Numbered Seven Hundred and Seventy-Six, and the regulation promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or nonscheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for the domestic market.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or canceled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its permit by the Civil Aeronautics Board;
- (c) Commence operations within two (2) years from the effectivity of this Act.

SEC. 6. Acceptance and Compliance. - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

SEC. 7. Bond. - The grantee shall file a bond issued in favor of the Civil Aeronautics Board, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be canceled by the Board. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 8. *Landing Facilities.* - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's lines subject to such terms and conditions, restrictions and national policy considerations as the Philippine government may impose: *Provided*, That the Philippine government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC. 9. *Contracts.* - The grantee is authorized to enter into transportation contracts with the Philippine government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 10. *Right of Government.* - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 11. *Warranty in Favor of National and Local Governments.* - The grantee shall hold the national, provincial and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 12. *Sale, Lease, Transfer, Usufruct, Etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 13. *Dispersal of Ownership.* - In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty *percentum* (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the

privileges herein provided for. However, in the event that any competing individual, partnership or corporation shall receive a similar permit, authority or franchise with terms and/or provisions more favorable than those herein granted or which tend to place herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 15. Separability Clause. - If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SEC. 16. Repealability and Nonexclusivity Clause. - This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 17. Reportorial Requirement. - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 18. Effectivity. - This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on August 31, 1999 and January 29, 2001, respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-second
day of July, two thousand two

[REPUBLIC ACT NO. 9215]

AN ACT AMENDING REPUBLIC ACT NO. 8339, ENTITLED
"AN ACT GRANTING AIR PHILIPPINES CORPORATION
(AIR PHILIPPINES) A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN DOMESTIC AND
INTERNATIONAL AIR TRANSPORT SERVICES"

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

SECTION1. Section 11 of Republic Act No. 8339 is hereby
amended to read as follows:

"SEC. 11. *Tax Provisions.* - The grantee, its successors or
assigns, shall pay to the Philippine Government during the life of
its franchise a franchise tax of five percent (5%) of the gross
revenues derived by the grantee from its transport operations.

In the event that any competing individual, partnership or
corporation receives or enjoys tax privileges and other favorable
terms which tend to place the herein grantee at any disadvantage,
then such provisions shall be deemed *ipso facto* part hereof and
shall operate equally in favor of the grantee.

The grantee shall, however, be subject to income tax levied

under Title II of the National Internal Revenue Code, as amended, and tax on its real property under existing laws on revenues earned from activities other than air transportation." .

SEC. 2. Section 14 of Republic Act No. 8339 is hereby amended to read as follows:

"Sec. 14. *Dispersal of Ownership.* - In accordance with constitutional provisions to encourage public participation in public utilities, the grantee shall offer at least thirty *percentum* (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within ten (10) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked. "

SEC. 3. Section 15 of Republic Act No. 8339 is hereby amended to read as follows:

"Sec. 15. *Nonexclusivity Clause.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for."

SEC. 4. Section 17 of Republic Act No. 8339 is hereby amended to read as follows:

"Sec. 17. *Repealability Clause.* - This franchise shall be' subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires."

SEC. 5. *Separability Clause.* - If any of the sections or revisions of this Act is held or declared unconstitutional or invalid a competent court in a final judgment, all the other sections or provisions not affected thereby shall remain valid.

SEC. 6. *Effectivity.* - This Act shall take effect fifteen (15) days' from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives
was finally passed by the House of Representatives and the Senate
on August 27, 2002 and May 5, 2003 respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

First Regular Session

Begun and held in the City of Manila on Monday, the twenty-third
day of July, two thousand one

[REPUBLIC ACT NO. 9170]

AN ACT AMENDING REPUBLIC ACT NO. 7583, ENTITLED
"AN ACT GRANTING THE ABOITIZ AIR TRANSPORT
CORPORATION A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN TRANSPORT SERVICES
FOR THE CARRIAGE OF GOODS, MAILS AND OTHER
PROPERTY BY AIR, BOTH DOMESTIC AND
INTERNATIONAL"

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

SECTION 1. The title of Republic Act No. 7583 is hereby
amended to read as follows:

"An Act Granting The Aboitiz One, Inc. A Franchise To
Establish, Operate And Maintain Transport Services For The
Carriage of Goods, Mails And Other Property By Air, Both
Domestic and International."

SEC. 2. Section 1, Paragraph 1 of Republic Act No. 7583

is hereby amended to read as follows:

"SECTION1. *Nature and Scope of Franchise.* - Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to Aboitiz One, Inc., hereunder referred to as the grantee, its successors or assigns, a franchise to establish, operate and maintain transport services for the carriage of goods, mails and other property by air, both domestic and international"

SEC. 3. Section 9 of Republic Act No. 7583 is hereby amended to read as follows:

"SEC. 9. *Public Equity Participation.* - In accordance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make the public offering through the stock exchange of at least thirty percent (30%) of its common stock within a period of fifteen (15) years from the date of effectivity of this Act: *Provided*, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offering."

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on October 25, 2001 and May 28, 2002 respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:
September 4, 2002

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-third
day of July, two thousand one

[REPUBLIC ACT NO. 9181]

AN ACT GRANTING THE PROVINCIAL AIRWAYS
CORPORATION A FRANCHISE TO ESTABLISH,
OPERATE AND MAINTAIN DOMESTIC AND
INTERNATIONAL AIR TRANSPORT SERVICES

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to
the provisions of the Constitution and applicable laws, rules and
regulations, there is hereby granted to Provincial Airways
Corporation, hereunder referred to as the grantee, its successors
or assigns, a franchise to establish, operate and maintain transport
services for the carriage of passengers, mails, goods and property
by air, both domestic and international.

Air transport services shall include the maintenance and

operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation. The grantee shall have the right at its terminal and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. Civil Aeronautics Board. - The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be air worthy and the crew members shall be licensed by the government of the Philippines. They shall be equipped with radio communications, safety and other equipment, and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office(ATO) or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the ATO.

The grantee shall comply with the provisions of Republic Act Numbered Seven Hundred and Seventy-Six (RA. No. 776) and the regulations promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or nonscheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for domestic market.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its permit by the Civil Aeronautics Board;
- (c) Commence operations within two (2) years from the effectivity of this Act.

SEC. 6. Acceptance and Compliance. -Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

SEC. 7. Bond. - The grantee shall file a bond issued in favor

of the Civil Aeronautics Board, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 8. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's line subject to such terms and conditions, restrictions and national policy considerations as the Philippine government may impose: *Provided*, That the Philippine government shall have the right to use the landing and other airport facilities as may be maintained or owned by the grantee in the Philippines.

SEC.9. Contracts.- The grantee is authorized to enter into transportation contracts with the Philippine government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SC. 10. Right of Government. -A special right is hereby reserve to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 11. Warranty in Favor of National and Local Governments. - The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC.12. Sale, Lease, Transfer, Usufruct, Etc. - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any persons or entity to which this franchise is sold, transferred or assigned shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 13. Dispersal of Ownership. - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer at least thirty percent (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines

within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 15. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SEC. 16. *Repealability and Nonexclusivity Clause.* - This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 17. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 18. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its publication upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on December 19, 2001 and October 8, 2002 respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-second
day of July, two thousand two

[REPUBLIC ACT NO. 9182]

AN ACT GRANTING TAX EXEMPTIONS AND FEE
PRIVILEGES TO SPECIAL PURPOSE VEHICLES WHICH
ACQUIRE OR INVEST IN NON-PERFORMING ASSETS,
SETTING THE REGULATORY FRAMEWORK
THEREFOR, AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* - This Act shall be known as "The Special
Purpose Vehicle (SPV) Act of 2002."

SEC. 2. *Declaration of Policy.* - It is hereby declared the
policy of the State:

- (a) to develop and maintain a sound financial sector for the
country;
- (b) to address the non-performing asset problems of the

financial sector;

(c) to encourage private sector investments in nonperforming assets;

(d) to eliminate existing barriers in the acquisition of nonperforming assets;

(e) to help in the rehabilitation of distressed businesses with the end in view of contributing to economic value added; and

(f) to improve the liquidity of the financial system which can be harnessed to propel economic growth.

SEC. 3. *Definition of Terms.* - For purposes of this Act, the term:

(a) "Approval Certificate" means the certificate of approval or authority issued by the Commission to an application by an SPY to issue Investment Unit Instruments (IUIs), pursuant to the provisions of this Act.

(b) "Approved Plan" means an SPY Plan for which an Approval Certificate has been issued by the Commission.

(d) "Commission" refers to the Securities and Exchange Commission.

(e) "Financial Institutions or Fls" means credit-granting institution,~ which shall be limited to the following:

(1) the BSP;

(2) a bank as defined under Republic Act No. 8791, also known as "The General Banking Law";

(3) a financing company as defined under Republic Act No. 8556, also known as "The Financing Company Act of 1998";

(4) an investment house as defined in Presidential Decree No. 129, also known as "The Investment Houses Law";

(5) government financial institutions (GFIs), which for purposes of this Act, shall be limited to the Philippine Deposit Insurance Corporation (PDI C), Land Bank of the Philippines (LBP), and Development Bank of the Philippines (DBP);

(6) government-owned-or-controlled-corporations (GOCCs), which for purposes of this Act, shall be limited to the National Home Mortgage Finance Corporation (NHMFC), Home Guaranty Corporation (HGC), Home Development Mutual Fund (HDMF), Social Security System (SSS), Government Service Insurance System (GSIS), Trade and Investment Development Corporation (TIDCORP), Small Business Guarantee and Finance Corporation (SBGFC), Technology and Livelihood Resource Center (TLRC), Livelihood Corporation (LIVE COR), National Development Corporation (NDC), Quedan and Rural Credit Guarantee Corporation (QUEDANCOR), National Housing Authority (NHA), and Armed Forces of the Philippines - Retirement and Separation Benefits System (AFP-RSBS); and

(7) other institutions licensed by the BSP to perform quasibanking functions.

(f) "Investment Unit Instruments or n11s" refers to participation certificates, debt instruments or similar instruments issued by the SPY and subscribed by Permitted Investors as provided in Section 11 hereof, pursuant to an Approved Plan: *Provided*, That these shall not include the instruments to be issued by the SPY to the selling Fls as full or partial settlement of the non-performing assets transferred to the said SPV: *Provided*,

further, That such issuances of the SPY shall not be considered as deposit substitutes: *Provided, finally*, That these shall not form part of the capital stock of the SPY.

(g) "Non-Performing Assets or NPAs" consist of the Non-Performing Loans and Real and Other Properties Owned or Acquired by Fls.

(h) "Non-Performing Loans or NPLs" refers to loans and receivables such as mortgage loans, unsecured loans, consumption loans, trade receivables, lease receivables, credit card receivables and all registered and unregistered security and collateral instruments, including but not limited to, real estate mortgages, chattel mortgages, pledges, and antichresis, whose principal and/ or interest have remained unpaid for at least one hundred eighty (180) days after they have become past due or any of the events of default under the loan agreement has occurred.

(i) "ROPOAs" refers to real and other properties owned or acquired by an FI in settlement of loans and receivables, including real properties, shares of stocks, and chattels formerly constituting collaterals for secured loans which have been acquired by way of dation in payment (*dacion en pago*) or judicial or extra-judicial foreclosure or execution of judgment.

G) "SPV" means the Special Purpose Vehicle created pursuant to the provisions of this Act.

(k) "SPV Plan" refers to the plan submitted to and approved by the Commission as pre-requisite to the issuance of an IUI.

(l) "True Sale" refers to a sale wherein the selling FI transfers or sells its NPAs without recourse for cash or property to an Spy with the following results:

- (1) The transferor relinquishes effective control over the transferred NPAs; and
- (2) The transferred NPAs are legally isolated and put beyond the reach of the transferor and its creditors:

Provided, That the transferring FI shall not have direct or indirect management of the transferee SPV: *Provided, further*, That the selling FI does not possess a claim of beneficial ownership of more than five percent (5%) in the transferee SPV.

SEC.4. *Special Purpose Vehicle*. - An SPV shall be organized as a stock corporation in accordance with *Batas Pambansa Blg. 68*, otherwise known as "The Corporation Code of the Philippines" and the rules promulgated by the Commission for purposes of registering the SPV: *Provided*, That if the SPV will acquire land, at least sixty percent (60%) of its outstanding capital stock shall be owned by Philippine nationals pursuant to Republic Act No. 7042, as amended, otherwise known as "The Foreign Investments Act".

SEC.5. *Powers of an SPV* - An SPV shall have the following powers:

- (b) to engage third parties to manage, operate, collect and dispose of NPAs acquired from an FI;
- (c) to rent, lease, hire, pledge, mortgage, transfer, sell, exchange, usufruct, secure, securitize, collect rents and profits, and other similar acts concerning its NPAs acquired from an FI;
- (d) in case of NPLs, to restructure debt, condone debt and undertake other restructuring related activities. In restructuring debt, the SPV may reduce the principal, interest, interest rates, and the period for calculating the interest, extend the time for debt repayment or relax the conditions for debt repayment, agree to the conversion of the borrower's debt to equity in the borrower's

business, agree to a transfer of assets or claims from the borrower to repay the debt or dispose of some of the borrower's property or claims to third persons;

to take, transfer shares or buy shares issued by the borrower for the purpose of business reorganization or rehabilitation of the borrower, subject to the provisions of the Corporation Code in respect of the rights of the shareholders of the borrower company, and apply any other measures or restructuring techniques with the approval of the Commission;

. (f) to enter into dation in payment (*dacion en pago*) arrangements, foreclose judicially or extra-judicially and other forms of debt settlement involving NPLs;

(g) to spend funds to renovate, improve, complete or alter its NPAs acquired from an FI;

(h) to issue equity or participation certificates or other forms of IUIs for the purpose of acquiring, managing, improving and disposing of its NPAs acquired from an FI;

(i) to borrow money and issue other instruments of indebtedness for the purpose of paying operational and administrative costs;

(j) to guarantee credit, accept or intervene for honor the 'bills of borrowers';

(k) to advance funds to borrowers where required by an acquired asset or any debt restructuring agreement pursuant thereto, or under any court order or rehabilitation plan; and

(l) to entrust to third parties asset servicing company, the collection and receipt of the debt payments for debts under debt restructuring or business reorganization, management and disposition of assets of the Spy in accordance with the rules, procedures and conditions prescribed by the Commission or by the courts. Except in the case of ROPOAs whose redemption periods have already expired, the Spy shall notify the borrower and all persons holding prior encumbrances upon the properties or a part thereof or are actually holding the same adversely to the borrower within fifteen (15) days from the date of the appointment of the said collection agent.

SEC. 6. Period for Filing of Applications. - Applications for the establishment and registration of an SPV shall be filed with the Commission not beyond eighteen (18) months from the date of approval of the Implementing Rules and Regulations (IRR) by the Congressional Oversight Committee (COC) created in Section 23 hereof.

SEC. 7. Authorized, Subscribed and Paid- Up Capital of the SPV. - An SPV shall have a minimum authorized capital stock of Five hundred million pesos (P500,000,000.00) with a minimum subscribed capital stock of One hundred twenty five million pesos (P125,000,000.00) and a minimum paid-up capital of Thirty-one million two hundred fifty thousand pesos (P31,250,000.00).

SEC. 8. Submission of SPV Plan. - After the establishment of an SPV pursuant to Section 4 hereof, an SPV Plan shall be submitted to the Commission for approval which shall include the following:

- (b) contribution plan including the amounts and draft of subscription documents;
- (c) features of the IUIs including the specific amounts issued and/or to be issued;
- (e) draft agreements for the appointment of trustees and agents with respect to the IUIs and the NPLs acquired from an

FI;

(g) roles and responsibilities of the trustees, advisors, loan servicers and property managers;

managers;

(h) draft form of financial reports of the SPV;

(j) methods for the increase and decrease of future fund contribution;

(k) methods for the alteration or modification of the approved SPV Plan;

(l) methods for the liquidation and distribution of assets to the holders on IULs;

(m) details of credit enhancements like guarantees or standby letters of credit or advances that may be extended to the SPY by an entity which shall not be the selling FI, its parent, subsidiaries or affiliates; and

(n) such other documents or information as may be required by the Commission.

SEC. 9. *Approval.* - Upon approval of the SPY Plan, the Commission shall issue an Approval Certificate stating that the application has been approved and that the IULs may be issued.

SEC. 10. *Issuance of IULs.* -The SPY may be allowed to issue IULs subject to the rules and regulations the Commission is herein mandated to promulgate.

SEC. 11. *Permitted Investors.* - Any person may acquire or hold IULs in an SPV in the minimum amount of Ten million pesos (P10,000,000,00) *Provided*, That an SPY shall not be authorized to acquire the IULs of another SPY: *Provided, further*, That the parent, subsidiaries, affiliates or stockholders, directors, officers or any related interest of the 'Selling FI or the parent's subsidiaries, affiliates or stockholders, directors, officers or any related interest shall not acquire or hold, directly or indirectly, the IULs of the SPY that acquired the NPAs of the FI.

ARTICLE III

Transfer of Assets to SPV

SEC. 12. *Notice and Manner of Transfer of Assets.* - (a) No transfer of NPLs to an SPV shall take effect unless the FI concerned shall give prior notice, pursuant to the Rules of Court, thereof to the borrowers of the NPLs and all persons holding prior encumbrances upon the assets mortgaged or pledged. Such notice shall be in writing to the borrower by registered mail at their last known address on file with the FI. The borrower and the FI shall be given a period of at most ninety (90) days upon receipt of notice, pursuant to the Rules of Court, to restructure or renegotiate the loan under such terms and conditions as may be agreed upon by the borrower and the FIs concerned.

(b) The transfer of NPAs from an FI to an SPV shall be subject to prior certification of eligibility as NPA by the appropriate regulatory authority having jurisdiction over its operations which shall issue its ruling within forty-five (45) days from the date of application by the FI for eligibility.

(c) After the sale or transfer of the NPLs, the transferring FI shall inform the borrower in writing at the last known address of the fact of the sale or transfer of the NPLs.

SEC. 13. *Nature of Transfer.* - All sales or transfers of NPAs to an SPV shall be in the nature of a true sale after proper

notice in accordance with the procedures as provided for in Section 12: *Provided*; That GFIs and GOCCs shall be subject to existing law on the disposition of assets: *Provided; further*, That in the transfer of the NPLs, the provisions on subrogation and assignment of credits under the New Civil Code shall apply.

SEC. 14. *Assumption of Rights and Obligations*. - The SPV shall assume all rights and obligations of the transferring FI.

Article IV

Incentives and Exemption Privileges

SEC.15. *Tax Exemptions and Fee Privileges*. - Any existing law to the contrary notwithstanding, the transfer of NPAs from the FI to an SPY, and from an SPY to a third party or dation in payment (*dacion en pago*) by the borrower or by a third party in favor of an FI or in favor of an SPY shall be exempt from the following taxes:

- (a) Documentary stamp tax on the abovementioned transfer of NPAs and dation in payment (*dacion en pago*) as may be imposed under Title VII of the National Internal Revenue Code of 1997;
- (b) Capital gains tax imposed on the transfer of lands and/or other assets treated as capital assets as defined under Section 39(A)(1) of the National Internal Revenue Code of 1997;
- (c) Creditable withholding income taxes imposed on the transfer of land and/or buildings treated as ordinary assets pursuant to Revenue Regulation No. 2-98, as amended;
- (d) Value-added tax on the transfer of NPAs as may be imposed under Title IV of the National Internal Revenue Code of 1997 or gross receipts tax under Title V of the same Code, whichever is applicable.

The abovementioned transfers shall also be subject to the following, in lieu of the applicable fees:

- (a) Fifty percent (50%) of the applicable mortgage registration and transfer fees on the transfer of real estate mortgage and chattel mortgage registrations to and from the SPY, as imposed in accordance with the existing circulars of the Land Registration Authority (LRA);
- (b) Fifty percent (50%) of the filing fees for any foreclosure initiated by the SPY in relation to any NPA acquired from an FI, as prescribed by the Rules of Court; and
- (c) Fifty percent (50%) of the land registration fees prescribed under the existing circulars of the LRA.

All sales or transfers of NPAs from the FIs to an SPY or transfers by way of dation in payment (*dacion en pago*) by the borrower or by a third party to the FI shall be entitled to the privileges enumerated herein for a period of not more than two (2) years from the date of effectiveness of the IRR: *Provided*, That transfers from an SPY to a third party of NPAs acquired by the SPY within such two-year period or transfers by way of dation in payment (*dacion en pago*) by a borrower to the SPY shall enjoy the privileges enumerated herein for a period of not more than five (5) years from the date of acquisition by the SPY: *Provided, further*, That properties acquired by an SPY from GFIs or GOCCs which are devoted to socialized or low-cost housing shall not be converted to other uses.

The abovementioned tax exemptions, incentives, and fee

privileges given to FIs and Spy at the various stages of the transactions under this section shall likewise be extended to any individual in accordance with the IRR: *Provided*, That:

- (i) the transaction is limited to a single family residential unit ROPOA or NPL secured by real estate mortgage on a residential unit;
- (ii) there shall only be one transaction consisting of one residential unit per individual; and
- (iii) the two-year transfer and the five-year entitlement period granted to NPA shall also apply to said single family residential unit.

SEC. 16. Additional Tax Exemptions and Fee Privileges. -

To encourage the infusion of capital and/or financial assistance by the SPY for the purpose of rehabilitating the borrower's business, the following additional tax exemptions and privileges shall be enjoyed:

- (a) The SPY shall be exempt from income tax on net interest income, documentary stamp tax and mortgage registration fees on new loans in excess of existing loans extended to borrowers with NPLs which have been acquired by the SPY.
- (b) In case of capital infusion by the Spy to the borrower with NPLs, the SPY shall also be exempt from the documentary stamp tax.

Provided, That the abovementioned tax exemptions and fee privileges shall apply for a period of not more than five (5) years from the date of acquisition of NPLs by the SPY.

SEC. 17. Privileges of Participating FIs. - (a) Any loss that is incurred by the financial institutions as a result of the transfer of NPAs shall be treated as ordinary loss: *Provided*, That the accrued interest and penalties shall not be included as loss on said loss carryover from operations subject to the provisions of the National Internal Revenue Code of 1997 on net operating loss carryover (NOLCO), except that the loss incurred by the FI from the transfer of NPAs within the two-year period from the effectivity of the IRR may be carried over for a period of five (5) consecutive taxable years immediately following the year of such loss: *Provided, further*, That for purposes of corporate gain or loss the carry-over shall be subject to pertinent laws: *Provided, finally*, That the tax savings derived by FIs from the NOLCO shall not be made available for dividend declaration but shall be retained as a form of capital build-up.

(b) The regulatory authority concerned shall promulgate the necessary rules and regulations governing the treatment of any loss of the FIs in the books of account as a result of the transfer of the NPAs.

(c) In the case of non-bank GFIs and GOCCs enumerated in Section 3 hereof, the Department of Finance (DOF), in consultation with the Commission on Audit (COA), shall promulgate the necessary rules and regulations governing the treatment of any loss in their books of account as a result of the transfer of their NPAs.

SEC. 18. Abuse of Tax Exemptions and Privileges. - Any person, natural or juridical, who benefits from the tax exemptions and privileges herein granted, when such person is not entitled thereto, shall be subject to the penalties provided in Section 25 hereof. In addition, the offender shall refund to the government double the amount of the tax exemptions and privileges availed of

under this Act, plus interest of twelve percent (12%) per year from the date prescribed for its payment until the full payment thereof.

Article V

Enforcement and Protection Provisions

SEC. 19. *Redemption Periods.* - The redemption periods allowed to borrowers under Section 47 of Republic Act No, 8791, also known as "The General Banking Law of 2000", the Rules of Court and/or other laws shall be applicable.

Article VI

Reporting Provisions

SEC. 20. *Books of Accounts and Records.* - The SPY shall set and keep accurate accounts and internal financial controls and shall appoint an external auditor acceptable to the Commission in this regard. The Commission, the BSP, and the Bureau of Internal Revenue (BIR) may look into the books of accounts and records of the SPY at any time.

SEC. 21. *Reports.* -The Commission, the regulatory authorities, and the BIR shall prescribe the submission of reports from the SPY and the FIs for the proper implementation of this Act.

Article VII

Final Provisions

SEC. 22. *Implementing Rules and Regulations.* - Within sixty (60) days from the effectivity of this Act, the Commission, in coordination with the BSP, the DOF, and the BIR shall draft and submit to COC the IRR: *Provided*, That the Commission, BSP, DOF and BIR may issue separate circulars that will apply exclusively to the institutions under their respective jurisdiction, which shall not be inconsistent with the IRR to be issued by the Commission. Said IRR shall be submitted to the COC which shall review, revise and approve the same within a period of sixty (60) days from the date of receipt thereof upon which the Commission, in consultation with the BSP, DOF and BIR shall promulgate the IRR

SEC.23. *Congressional Oversight Committee (COC).* - There is hereby created a COC composed of seven (7) members from the Senate and seven (7)members from the House of Representatives. The members from the Senate shall be appointed by the Senate President based on the proportional representation of the parties or coalitions therein with at least two (2) Senators representing the Minority. The members from the House of Representatives shall be appointed by the Speaker also based on proportional representation of the parties or coalitions therein with at least two (2)members representing the Minority. The COC shall have the power to promulgate its own rules and to oversee the implementation of this Act and to review or revise the implementing rules issued within sixty (60) days from the promulgation of said Rules.

SEC.24. *Primary Implementing Agency.* - The Commission shall be the primary implementing agency of this Act and for its effective implementation, it shall have the authority to enlist the assistance of any branch, department, bureau, office, agency or instrumentality of the government, including GOCCs and GFIIs which may include the use and transfer of its personnel, facilities and resources.

SEC. 25. *Penalties.* -Any person who violates any of the provisions of this Act, or "my person who, in a registration statement, notice, certification or plan filed under this Act, makes any untruthful statement of a material fact or omits to state any material fact required to be stated therein, shall, upon conviction, suffer a fine of not less than Fifty thousand pesos (P50,000.00) nor more than One million pesos (P 1,000,000.00) or imprisonment of not less than six (6) years and one (1) day nor more than twelve (12) years, or both, in the discretion of the court, without prejudice to the penalties provided under Section 18 hereof and other applicable laws. If the offender is a corporation, association, partnership or any juridical person, the penalty shall be imposed upon the responsible officers, as the case may be, who participated in the commission of the crime or who shall have knowingly permitted or failed to prevent its commission. If the offender is a juridical person, the court may order the suspension or revocation of license. If the offender is an alien, he shall, in addition to the penalties herein prescribed, be deported without further proceedings after serving the penalties herein prescribed. If the offender is a public official or employee, he shall, in addition to the penalties prescribed herein, suffer absolute or temporary disqualification from government or public office, as the case may be.

SEC. 26. *Applicability Clause.* - The provisions of this Act shall be applicable to assets that have become non-performing as of June 30, 2002.

SEC. 27. *Conscience Clause.* - Nothing in this Act shall be construed to condone or exempt from any liability any person responsible for acts or omissions constituting unsound business practices or mismanagement.

SEC. 28. *Use of Registration Fees.* - To carry out the purposes of this Act, the Commission shall retain and use all fees paid to it relative to the establishment of an SPV in addition to its annual budget and to what is provided for under Section 75 of the Securities Regulation Code.

SEC.29. *Separability Clause.* - If any provision of this Act is held unconstitutional or invalid, all other provisions not affected thereby shall remain valid.

SEC. 30. *Repealing Clause.* -All laws, decrees, executive orders, rules and regulations or parts thereof, which are inconsistent with this Act, are hereby repealed, amended or modified accordingly.

SEC.31. *Effectivity.* - This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

President of the Senate

Speaker of the Representatives

This Act which is a consolidation of House Bill No. 4403 and Senate Bill No. 2116 was finally passed by the House of Representatives and the Senate

on December 17, 2002 and December 17, 2002 respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-second
day of July, two thousand two

[REPUBLIC ACT NO. 9183]

**AN ACT GRANTING THE ASIAN SPIRIT, INC. A FRANCHISE
TO ESTABLISH, OPERATE AND MAINTAIN DOMESTIC
AND INTERNATIONAL AIR TRANSPORT SERVICE**

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

SECTION 1. Nature and Scope of Franchise. - Subject to
the provisions of the Constitution and applicable laws, rules and
regulations, there is hereby granted to Asian Spirit, Inc. hereunder
referred to as the grantee, its successors or assigns, a franchise to

establish, operate and maintain transport services for the carriage of passengers, mail, goods and property by air, both domestic and international.

Air transport service shall include the maintenance and operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation.

The grantee shall have the right at its terminal and landing fields as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC. 2. Civil Aeronautics Board Air Transportation Office.

- The grantee shall secure from the Civil Aeronautics Board the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories ' and equipment shall at all times be air worthy and the crew members shall be licensed by the Government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Air Transportation Office or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Air Transportation Office.

The grantees shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six (R. A. No. 776), and the regulation promulgated thereunder from time to time.

SEC. 3. -Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or chartered air-transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided*.

however, That at least twenty-five percent (25%) of all its frequencies shall be for domestic market.

SEC. 4. Rates for Services. -The grantee shall fix just and reasonable rates for the transportation of passengers, mail, goods and freight, subject to the regulations and approval of the Civil Aeronautics Board and other proper regulatory agencies of the government.

SEC. 5. Terms of Franchise. - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto revoked* in the event the grantee fails to comply with any of the following conditions:

(a) Commence operation within one (1) year from the approval of its permit by the Civil Aeronautics Board;

- (b) Operate continuously for two years; and
- (c) Commence operations within two (2) years from the effectivity of this,

SEC. 6. *Acceptance and Compliance.* - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance the grantee shall exercise the privilege granted under this Act. Nonacceptance shall render the franchise void.

SEC. 7. *Bond* the grantee shall file a bond issued in favor of the Civil Aeronautics Board, which shall determine the amount to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 8. *Landing Facilities.* - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's line subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may impose: *Provided*, That the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained and owned by the grantee in the Philippines.

SEC. 9. *Contracts.* - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign-owned airlines particularly with those which have international routes.

SEC. 10. *Right of Government.* -A special right is hereby reserved to the President of the Philippines, in time of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during period when they shall be so operated.

SEC. 11. *Warranty in Favor of the National and Local Governments.* - The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 12. *Sale, Lease, Transfer, Usufruct Etc.* - The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privilege acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor

shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same condition; terms, restrictions and limitations of this act.

SEC. 13. *Dispersal of Ownership.* - In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer at least thirty percent (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. *Interpretation of Franchise.* - This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for. However, in the event that any competing individual, partnership or corporation shall receive a similar permit or franchise with terms and/or provisions more favorable than those herein granted or which tend to place the herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 15. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 16. *Repealability and Nonexclusivity Clause.* - This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 17. *Reportorial Requirement.* The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty days from the end of every year.

SEC. 18. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on October 23, 2002 and December 8, 2002 respectively.

Secretary of the Senate

*Secretary of the House
Of Representatives*

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-eight
day of July, two thousand three

[REPUBLIC ACT NO. 9295]

AN ACT PROMOTING THE DEVELOPMENT OF PHILIPPINE
DOMESTIC SHIPPING, SHIPBUILDING, SHIP REPAIR AND
SHIP BREAKING, ORDAINING REFORMS IN GOVERNMENT
POLICIES TOWARDS SHIPPING IN THE PHILIPPINES,
AND FOR OTHER PURPOSES

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

**CHAPTER 1
GENERAL PROVISIONS**

SECTION1. *Short Title.* - This Act shall be known as the "Domestic

Shipping Development Act of 2004."

SEC.2. *Declaration of Policy.* - The State recognizes that shipping is a necessary infrastructure, which is vital to the economic development of our country.

The Philippines needs a strong and competitive domestic merchant fleet owned and controlled by Filipinos or by corporations at least sixty percent. (60%) of the capital of which is owned by Filipinos and owned by qualified Filipino officers and crew which shall: (a) bridge our Islands by ensuring safe, reliable, efficient adequate and economic passenger and cargo service; (b) encourage the dispersal of industry and the economic development of our regional communities by ensuring the availability of regular, reliable and efficient shipping services; (c) ensure the growth of exports by providing necessary, competitive and economical domestic sea linkages; (d) serve as a naval and military auxiliary in times of war and other national emergencies; and (e) function as an employment support base for Our Filipino seafarers .

To attain these objectives, it is hereby declared to be the policy of the State to: (a) promote Filipino ownership of vessels operated under the Philippine flag; (b) attract private capital, to invest in the shipping industry by creating a healthy and competitive investment and operating environment; (c) provide necessary assistance and incentives for the continued growth of the Philippine domestic merchant marine fleet; (d) encourage the improvement and upgrading of the existing domestic merchant marine fleet and Filipino crew to meet international standards; (e) ensure the continued viability of domestic shipping operations; and (f) encourage the development of a viable shipbuilding and ship repair industry to support the expansion and modernization of the Philippine domestic merchant marine fleet and its strict adherence to safety standards which will ensure the seaworthiness of all sea-borne structures.

SEC. 3. *Definition of Terms.* – As used in and for purposes of this Act the following terms, whether in singular or plural are hereby defined as follows:

- (a) "Domestic Shipping" shall mean the transport of passengers or cargo, or both, by ships duly registered and licensed under Philippine law to engage in trade and commerce between Philippine ports and within Philippine territorial or internal waters, for hire or compensation, with general or limited clientele, whether permanent, occasional or incidental, with or without fixed routes, and done for contractual or commercial purposes;
- (b) "Domestic Trade" shall mean the sale, barter or exchange of goods, materials or products within the Philippines;
- (c) "Domestic Ship Operator" or "Domestic ship Owner" may be used interchangeably and shall mean a citizen of the Philippines, or a commercial partnership wholly owned by Filipinos, or a corporation at least sixty percent (60%) of the capital of which is owned by Filipinos, which is duly authorized by the Maritime Industry Authority (MARINA) to engage in the business of domestic shipping;
- (d) "Shipper" shall mean any person, partnership or corporation who shall procure for itself the services of a domestic ship operator for the carriage of its cargo in the domestic trade upon payment of proper compensation;
- (e) "MARINA" shall mean the Maritime Industry Authority;
- (f) "Ship" or "Vessel" may be used interchangeably and shall mean any kind, class or type of craft or artificial contrivance capable of floating in water, designed to be used, or capable of being used, as a means of water transport in the domestic trade for the carriage of passengers or cargo, or both, utilizing its own motive power or that of another;
- (g) "Importation" shall mean the direct purchase, lease or charter of newly constructed or previously owned ships, or the purchase of ships spare parts from foreign sources or from registered enterprises operating in special economic zones as this term is defined in Republic-Act No. 7916

entitled, "The Special Economic Zone Act of 1995;"

(h) "Spare parts" shall mean the replacement parts or components of a vessel, including but not limited to its hull, engines, machineries, equipment; appurtenances, necessities, accessories, articles, supplies, materials, steel plates aluminum plates, other metal plates, communications equipment and other parts or components thereof, installed aboard the ship necessary for its, safe and efficient navigation and operation;

(i) "Certificate of Public Convenience" shall mean the license or authority issued by MARINA to a domestic ship operator to engage in domestic shipping;

(j) "Cargo handling equipment" shall mean any machinery, gear or Equipment used by the ship operator or a duly authorized licensed port operator to service or handle cargo, on board the vessel, at the pier, or in the terminal or container yard such as, but not limited to, cranes, forklifts, toplifts, stackers, tractor heads, containers, pallet boards, and the like including all spare parts, replacement parts; appurtenances, accessories, articles, supplies and materials thereof;

(k) "Shipbuilding" shall mean the design, constructing, launching and outfitting of all types of ships and watercraft;

(l) "Ship repair" shall mean the overhaul, refurbishment, renovation, improvement, or alteration, of the hull, machineries; equipment outfits and components of all types of ships;

(m) "Shipyard" shall mean the shipbuilding or repair facilities which have the capability to lift vessels above the waterline in order to effect ship work on vessels, appendages, structure, machinery and equipment; and

(n) "Shipbuilder and Ship repairer" shall mean a citizen of the Philippines, or a commercial partnership owned by majority of Filipinos, or a corporation incorporated under the laws of the Philippines, the capital of which is owned or controlled in any proportion by Filipinos or by foreign nationals, or by both such Filipinos or foreign nationals, or by corporations whether Filipino or foreign-owned, which is duly authorized by the MARINA to engage in the business of shipbuilding or ship repair or to otherwise operate a shipyard, graving dock or marine repair yard .

CHAPTER II

Investment Incentives

SEC. 4. *Investment Incentives.* - To ensure the continued viability of domestic shipping, and to encourage investments in the domestic shipping industry, the following incentives shall be granted to qualified domestic ship operators:

(a) Exemption from value-added tax on the importation and local purchase of passenger and/or cargo vessels of one hundred fifty (150) tons and above, including engine and spare parts; of said vessels:
Provided, That the vessels to be imported shall comply with the age limit requirement, at the time of acquisition counted from the date of the vessel's original commissioning; as follows: 1) For passenger and/or cargo vessels, the age limit is fifteen (15) years old, 2) For tankers, the age limit is ten (10) years old, and 3) For high-speed passenger crafts, the age limit is five (5) years old; and

(b) Exemption from value-added tax on the importation of life": saving equipment, safety and rescue equipment and communication and navigational safety equipment, steel plates and other metal plates including marine-grade aluminum plates; used for transport operations.

The importation of the articles under Section 4(a) and (b) of the Act shall be granted exemption from value-added tax subject to the following conditions: (1) That said articles are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices; (2) That said articles are directly imported by a MARINA-registered domestic shipping operator; (3) That said articles are reasonably-needed and will be used exclusively by the registered domestic shipping operator in its

transport operations; (4) That the approval of MARINA was obtained prior to the importation of said articles; and (5) That exemption from value-added tax on the importation of said articles shall be granted to all domestic shipping operators within a period of ten (10) years from the effectivity of this Act.

Any Sale, transfer or disposition of articles covered under Section 4(a)and (b)within ten (10) years from the effectivity of this Act to another registered shipping operator enjoying similar incentive shall require prior approval of MARINA. If the sale, transfer or disposition was made without prior approval of MARINA, both the vendor and the transferee or assignee shall be liable to pay twice the amount of value added tax exemption given him; *Provided further*, That if the sale, transfer or disposition was made to a nonexempt entity or to a party other than a registered domestic ship operator within ten (10) years from the effectivity of this Act, both the vendor and the transferee or assignee shall, be solidarily liable to pay twice the amount of the value added tax waived: *Provided, finally* That the sale, transfer or disposition made after ten (10) years from the effectivity of this Act shall be made by informing MARINA in writing. The purchase transferees or recipients shall be considered the importers thereof, who shall be liable for any internal revenue tax on such importation. The tax due on such importation shall constitute a lien on article itself and such lien shall be superior to all charges or liens on the goods, irrespective of the possessor thereof.. The Bureau of Internal Revenue (BIR) shall be furnished with the notice of actions taken by the MARINA.

(c) Net operating loss carry over. A net operating loss in any taxable year immediately preceding the current taxable year, which had not been previously offset as a deduction from the gross income shall be carried over for the next three (3) consecutive taxable years immediately following the year of such loss subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended.

(d) Accelerated depreciation. fixed assets may be depreciated as follows:

(i) to the extent of not more than twice as fast as the normal rate of depreciation or depreciated at normal rate of depreciation if the expected life is ten (10) years or less; or

(ii) Depreciation over any number of years between five (5) years and the expected life if the latter is more than ten (10) years, and the depreciation thereon allowed as deduction from taxable income: *Provided*. That the domestic shipping operator notifies the BIR at the beginning of the depreciation period which depreciation rate allowed by this section will be used.

CHAPTER III

DEREGULATION OF THE DOMESTIC SHIPPING INDUSTRY -AUTHORTIY OF THE MARITIME INDUSTRY AUIHORTIY

SEC. 5. Authority to Operate. -No franchise, certificate or any other form of authorization for the carriage of cargo or passenger, or both, in the domestic trade, shall be granted except to domestic ship owners or operators.

SEC. 6. Foreign Vessels Engaged in Trade and Commerce in Philippine Territorial Waters. - No foreign vessel shall be allowed to transport passengers or cargo between ports or places within the Philippine territorial waters, except upon the grant of Special Permit by the MARINA when no domestic vessel is available or suitable to provide the needed shipping service and public interest warrants the same.

SEC. 7. Issuance of Authority to operate; The MARINA shall have the power and authority to issue certificates of public convenience to qualified domestic ship operators, taking into consideration the economic and beneficial effect which the proposed service shall have to

the port, province or region which it proposes to serve, and the financial capacity of the domestic ship operator to provide and sustain safe, reliable, adequate, efficient and economic service in accordance with the standards set by the government regulation.

~,l

Every domestic ship operator shall state in its application the route it proposes to serve, and the service it proposes to offer. Domestic ship operators who do not intend to operate in a fixed route shall nevertheless state in its application the service it proposes to offer.'

, SEC. 8. *Deregulation of the Domestic Shipping Industry.* - In order to encourage investments in the domestic Shipping industry by existing domestic ship operators and attract new investment from new operators and investors, domestic ship operators are hereby authorized to establish their own domestic shipping rates: *Provided*, That effective competition is fostered and public interest is served.

The MARINA shall monitor, all shipping operations and exercise regulatory intervention where it is established, after due process that public interest needs to be protected and safeguarded.

SEC. 9. *Safety Standards.* - All vessels operated by domestic ship operators shall at all times be in sea worthy condition, properly equipped with adequate life-saving, communication, safety and other equipment, operated and maintained in accordance with the standards set by MARINA, and manned by duly licensed and competent vessel crew:

, - . ';

The MARINA shall have the power to inspect vessels and all equipment on board vessels to ensure compliance with safety standards.

SEC. 10. *Jurisdiction; Powers; and Duties of MARINA.* - The

MARINA shall have the power and authority to:

- (1) Register vessels;
- (2) Issue certificates of public convenience, or any extensions or Amendments thereto, authorizing the operation of all kinds, classes and types of vessel in domestic shipping: *Provided*, That no such certificate shall be valid for a period of more than twenty-five (25) years;
- (3) Modify, suspend or revoke at anytime, upon notice and hearing, any certificate, license or accreditation it may have issued to any domestic ship operator;
- (4) Establish and prescribe ,routes, zones and areas of operations of domestic ship operators;
- (5) Require any domestic ship operator to provide shipping services to any coastal area, island or region in the country where such services are necessary for the development 9fdte area, to meet emergency sealift requirements, or when public interest so requires;
- (6) Set safety standards for vessels in accordance with applicable convention and regulations;
- (7) Require all domestic ship operators to comply with operational and safety standards for vessels set by applicable conventions and regulations, maintain its vessels in safe and serviceable condition, meet the standards of safety of life at sea and safe manning requirements, and furnish safe, adequate, efficient, reliable and proper service at all times;
- (8) Inspect all vessels to ensure and enforce compliance with safety standards and other regulations; "
- (9) Ensure that all domestic ship operators shall have the financial capacity to provide and sustain safe, reliable efficient and economic passenger or cargo service, or both;
- (10) Determine the impact which any new service shall have to the locality it will serve; ,
- (11) Adopt and enforce such rules and regulations which will ensure compliance by every domestic ship operator with required safety standards and other rules and regulations on vessel safety;
- (12) Adopt such rules and regulations which ensure the reasonable stability of passengers and freight rates and if necessary, to intervene in

order to protect public interest;

(13) Hear and adjudicate any complaint made in writing involving any violation of this law or the rules and regulations of the Authority;

(14) Impose such fines and penalties on, including the revocation of licenses of, any domestic ship operator who shall fail to maintain its vessels in safe and serviceable condition, or who shall violate or fail to comply with safety regulations;

(15) Investigate any complaint made in writing against any domestic ship operator, or any shipper, or any group of shippers regarding any matter involving violations of the provisions of this Act;

(16) Upon notice and hearing, impose such fines, suspend or revoke certificates of public convenience or other license issued, or otherwise penalize any ship operator, shipper or group of shippers found violating the provisions of this Act; and

(17) Issue such rules and regulations necessary to implement the provisions of this Act *Provided*, That such rules and regulations cannot change or in any way amend or be contrary to the intent and purposes of this Act.

CHAPTER IV RATES

SEC. 11. *Rates*. - Every domestic ship operator shall have the right to fix its own passenger or cargo rates, or both.

SEC. 12. *Government Cargo*. - Every domestic ship operator shall have the obligation to carry mail on mutually agreed terms and conditions, and preferential, negotiated conditions shall be given for the carriage of other government cargo.

SEC. 13. *Monopolized Routes*. - *The MARINA* shall have the authority to draw up such rules and regulations necessary for service in monopolized routes to determine the fairness of passenger and cargo rates needed to sustain the service taking into consideration the economic and beneficial effect which the service shall have to the port, province, island or region it proposes to serve, the volume of passengers and cargo available, the level and quality of service offered by the ship operator, and the available port facilities and terminal handling services.

CHAPTER V COMPULSORY INSURANCE COVERAGE

SEC. 14. *Compulsory Insurance Coverage Passenger and Cargo*.

- To meet its financial responsibility for any liability which a domestic ship operator may incur for any breach of the contract of carriage, every domestic ship operator shall be required to submit annually the following:

- (1) Adequate insurance coverage for each passenger in an amount to be computed in accordance with existing laws, rules and regulations, and the total amount of such coverage shall be equivalent to the total number of passenger accommodations being offered by the vessel; .
- (2) Adequate insurance coverage for cargo in an amount to be computed in accordance with existing, laws, rules and regulations, and the total amount of such coverage shall be equivalent to the total cargo capacity being offered by the vessel; and.
- (3) If a domestic ship operator should offer both passenger and cargo service, then the total insurance coverage shall be in the total sum equivalent to that stipulated in paragraphs (1) and (2) of this section.
Provided, That if a domestic ship operator should operate more than one (1) vessel, the amount of insurance coverage required under this section, for purposes of proving financial capacity, shall be the amount equivalent to the total number of passenger accommodations, or total cargo capacity, or both, of the largest operating vessel which the domestic ship operator may have *Provided, further*, That the total insurance coverage which may be required of any domestic ship operator shall not exceed the value of such vessel: *Provided, finally*, That adequate insurance coverage shall be obtained from any duly licensed insurance

company or international protection and indemnity association.

SEC. 15. Other Insurance Coverage. – *The MARINA shall have the power to require every ship operator to obtain such other compulsory insurance coverage necessary to adequately cover claims for damages.*

CHAPTER VI PROHIBITED ACTS AND PRACTICES

SEC. 16. Prohibited Acts and Practices of Domestic Ship Operators.

- The MARINA shall have the power to impose such fines and penalties against every domestic ship operator who shall:

- (1) Operate without a valid certificate of public convenience, accreditation or other form of authority required by this Act;
- (2) Refuse to accept or carry any passenger or cargo without just cause;
- (3) Fail to maintain its vessels in safe and serviceable condition, or violate safety rules and regulations;
- (4) Fail to obtain or maintain adequate insurance coverage;
- (5) Fail to meet or maintain safe manning requirements; and
- (6) Such other acts which the MARINA shall determine, after due notice and hearing, to be detrimental or prejudicial to the safety, stability and integrity of domestic shipping.

CHAPTER VII FEES, FINES AND PENALTIES

SEC. 17. Fees. - The MARINA shall have the power to impose, fix, collect and receive in accordance with the schedules approved by its Board, such fees necessary for the licensing, supervision, regulation, inspection, approval and accreditation of domestic ship operators and the promotion and development of the country's maritime industry. The MARINA shall have the power to establish and manage a trust fund for this purpose.

Fees prescribed by the MARINA under this section shall be imposed and collected in order to recover the cost for rendering the service and shall not be used in order to impose a penalty on the domestic ship operator. Excessive fees, multiple fees and duplicative fees shall at all times be avoided.

The supervision fee provided in Sec. 40 (e) of Commonwealth Act No. 146 insofar as the same applies to the operation, management, control and regulation of vessels, steamboats, steamship lines, ferries, water craft and the like, is hereby repealed.

SEC. 18. Fines and Penalties. - The MARINA, upon notice and hearing and a determination of the existence of any breach or violation of the provisions of this Act or any rules and regulations issued pursuant thereto, shall have the power and authority to:

- (1) Suspend or revoke any certificate of public convenience, license, permit, accreditation, or other form of authority issued to any domestic ship operator who shall violate any Provision of this Act or any rules and regulations issued pursuant thereto, or any condition imposed on such certificate of public convenience, license; permit or accreditation;
- (2) Impose a fine on a domestic ship operator who shall operate without a valid certificate of public convenience, license, permit, accreditation or other form of authority;
- (3) Impose a fine on a domestic ship operator in an amount to be determined by the MARINA for refusing to accept, or to carry passengers or cargo, without just cause, or for engaging, in any prejudicial, discriminatory or disadvantageous act towards any class, of passengers

or shippers;

(4) Impose a fine on any domestic ship operator in an amount to be determined by the MARINA, or suspend or revoke the certificate of public convenience of such domestic ship operator, or both, who shall fail to meet the standards of such safety or who refuses to comply with or violates safety regulations imposed by the MARINA or fails to maintain its vessels in safe and serviceable condition;

(5) Impose a fine on any domestic ship operator in an amount to be, determined by the MARINA, or impose such other penalty, including the revocation of any certificate or license, who fails to procure or renew required insurance policies;

(6) Impose a fine on any domestic ship operator in an amount to be determined by the MARINA, or impose such other penalty, including the revocation of any certificate or license who fails to meet or to maintain safe manning requirements; and

(7) Imposes such other fines and penalties the MARINA may deem necessary and appropriate in order to enforce the provisions of this Act.

CHAPTER VIII SHIPBUILDING AND SHIP REPAIR

SEC. 19. *Shipbuilding and Ship Repair Investment Incentives:* -To encourage investments and to ensure the development of a viable Shipbuilding and ship repair, industry, the following incentives are hereby granted:

(a) Exemption from value-added tax on the importation of capital equipment, machinery, spare parts, life saving and navigational equipment steel plates and other metal plates including marine grade aluminum plates to be used in the construction, repair, renovation or alteration of any merchant marine vessel operated, or to be operated in the domestic trade.

The importation of the above articles ,shall be granted exemption from value-added tax subject to the following conditions: (1) ,That said articles are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices; (2) That said articles are directly imported by a MARINA-registered shipbuilder and ship repairer; (3) That said articles are reasonably needed and will be used exclusively by the registered shipbuilder and ship repairer; (4) That the approval of MARINA was obtained prior to the importation of said articles; and (5) That shipbuilders and ship repairers may avail of the exemption from value-added tax provided herein within a period often (10) years from the approval of this Act.

Any sale, transfer OR disposition of articles under Section 19 (a) within ten (10) years from the effectivity of this Act to another registered shipbuilder or repairer enjoying, similar incentive shall require prior approval of MARINA. If the sale, transfer or disposition was made without prior approval of MARINA, both the vendor and the transferee or assignee shall be liable to pay twice the amount of the value-added tax exemption given him: *Provided, further;* *That* if the sale, transfer or disposition was made to a nonexempt entity or to a party other than a registered shipbuilder or repairer within, ten (10) years from the effectivity of this Act, both the vendor and the transferee or assignee shall be solidarily liable to pay twice the amount of the value-added tax waived: *Provided, finally,* *That* the sale, transfer or disposition made after ten (10) years from the effectivity of this Act shall be made by informing MARINA in writing. The purchasers, transferees or recipients shall be considered the, importers thereof; who shall be liable for any internal revenue tax on such importation. The tax due, on such importation shall constitute a lien on the goods superior to all charges or liens on the goods, irrespective of the possessor thereof. The BIR Shall be furnished with nonce *of* actions taken by the MARINA.

(b) Net operating loss carry over. A net operating loss in any taxable year immediately preceding the current taxable year, which had not been previously offset as a deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss subject to the pertinent provisions of the National Internal Revenue Code of 1997, as amended;

(c) Accelerated depreciation. Fixed assets may be depreciated as follows:

- (i) To the extent of not more than twice as fast as the normal rate of depreciation or depreciated at normal rate of depreciation if the expected life is ten (10) years or less; or
- (ii) Depreciated over any number of years between five (5) years and the expected life if the latter is more than ten (10) years, and the depreciation thereon allowed as deduction from taxable income; *Provided*, That the registered ship builder and ship repairer notifies the BIR at the beginning of the depreciation period which depreciation rate allowed by this section will be used.

SEC. 20. *Restrictions on Vessel Importations.* -Ten (10) years from the effective date of this Act and every year thereafter, the MARINA shall evaluate and determine the progressive capability of MARINA registered shipyards to build and construct new vessels for the domestic trade.

In its first year of evaluation, the MARINA shall determine the Capability of MARINA-registered shipyards to build new vessels below 500' GRT. If upon evaluation, the capability of MARINA-registered shipyards to build classed vessels below 500 GRT in quantities sufficient to meet domestic demand is proven, then all domestic ship operators shall be discouraged from importing new or previously owned vessels that are less than 500 GRT for the domestic trade and vessels built in MARINA-registered shipyards shall be given priority for entry in the Philippine Registry and allowed to operate in the domestic trade.

The MARINA shall undertake a yearly evaluation of the progressive capabilities of the MARINA- registered shipyards to build larger classed vessels for the domestic trade in quantities sufficient to meet the demand of domestic ship owners and shall correspondingly adjust the size of vessels which may be sourced from MARINA- registered shipyard.

CHAPTER IX TRANSITORY PROVISIONS

SEC. 21: *Period of Transition.* - Upon the approval of this Act, existing liner operators shall continue to operate in their approved routes.

SEC. 22. *Classification of Vessels in the Domestic Trade.* - All vessels, whether newly built or previously owned, which are acquired on or after the effectivity of this Act shall be classed by a government recognized classification society on the date of acquisition prior to its operation in the domestic trade.

SEC. 23. *Retirement of Old Vessels.* - Immediately upon the approval of this Act, the MARINA shall prepare and implement a mandatory vessel retirement program for all unclassed vessels that fail to meet the classification standards of a government-recognized classification society. All vessels which have attained the maximum vessel age stipulated by MARINA's mandatory vessel retirement program and which do not carry a class certificate issued by a government recognized classification society shall be prohibited to operate in the domestic trade and shall be automatically de-listed from the Philippine registry.

CHAPTER X FINAL PROVISIONS

SEC. 24. *Temporary Take-Over of Operations.* – In times of national emergency when the public interest so requires, the State may during emergencies and under reasonable terms prescribed by it, temporarily take over or direct the operations or any vessel engaged in domestic trade and commerce, or prescribe its rates or routes of operation. Immediately upon the cessation of the emergency, the State shall immediately reinstate to the domestic ship, operator the operation of its vessel under the same terms and conditions existing prior to the occurrence of the emergency.

SEC. 25. *Separability Clause.* - If, for any reason, any section, subsection, sentence, clause or, term of this Act is held to be illegal, invalid or unconstitutional, such parts not affected by such declaration shall remain in full force and effect.

SEC. 26. *Repealing Clause.* - The provisions of Commonwealth Act No. 146, insofar as the same applies to the operation, management, control and regulation of vessels, steamboats; steamship lines, ferries, water craft and the like, as well as the provisions of Presidential Decree No. 474, Executive Order Nos. 125 and 125-A, and such other laws, presidential decrees, executive orders, issuances, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

27. *Effectivity.* - This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of Senate Bill No. 2731 and House Bill No. 5563 was finally passed by the Senate and House of Representatives on February 6, 2004 and February 7, 2004 respectively.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:
May 3, 2004

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-eight
day of July, two thousand three

[REPUBLIC ACT NO. 9301]

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

SECTION1. Section 3(a) of Republic Act No. 7471 is hereby
amended as follows:

"SEC. 3. *Definitions.*-As used in this Act:

"(a) 'Philippine overseas shipping' means the
operation of a Philippine shipping enterprise in the
overseas trade of any type of Philippine registered
ship for any kind of shipping operation, which shall

include, but shall not be limited to the transport of goods and/or passengers, and the purchase of ships for operation and the sale of ships after operation, except when the ship is operated solely between ports in the Philippines."

SEC. 2. Section 7 of the same Act is reinstated with amendments, to read as follows:

"SEC. 7; Exemption from Income Tax. - A Philippine shipping enterprise shall be exempt from payment of income tax on income derived from Philippine overseas shipping for a period of ten (10) years from the date of approval of this Act: *Provided*, That:

"(a) The entire net income, after deducting not more than fifteen percent (15%) thereof for distribution of profits or declaration of dividends, which would otherwise be taxable under the provisions of Title II of the National Internal Revenue Code, is reinvested for the construction, purchase, or acquisition of vessels and related equipment and/or in the improvement or modernization of its vessels and related equipment in accordance with the regulations; and

(b) The cumulative amount so reinvested shall not be withdrawn for a period of seven (7) years after the expiration of the period of income tax exemption or until the vessel or related equipment so acquired have been fully paid, whichever date comes earlier. "Any amount not so invested or withdrawn prior to the expiration of the period stipulated herein shall be subject to the corresponding income tax, including penalties, surcharges and interests."

SEC. 3. Section 12 of the same Act is hereby likewise amended to read as follows:

"SEC. 12. Penal Provisions. - Violation of the provisions of this Act or the rules and regulations promulgated to implement the same shall be punished by a fine of not more than One hundred thousand pesos (P100,000.00) or imprisonment for not more than five (5) years or both such fine and imprisonment at the discretion of the court.

"If the violation is committed by an association or corporation, the penalties prescribed hereunder shall be imposed on the president, the chief executive officer and the other officials and employees responsible for the violation.

"If the violation is committed by a government official or employee, he/she shall, in addition to the penalties prescribed hereunder, be dismissed from the government service with all the administrative penalties accessory thereto."

SEC. 4. *Repealing Clause.* - All laws, decrees, executive orders or rules and regulations inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 5. *Effectivity*. This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of House Bill No. 5770 and Senate Bill No. 2732 was finally passed by the House of Representatives and the Senate on June 10, 2004 and February 6, 2004 respectively.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:
July 27, 2004

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-fifth day of July, two thousand five

[REPUBLIC ACT NO. 9343]

AN ACT AMENDING REPUBLIC ACT NO. 9182, OTHERWISE KNOWN AS THE SPECIAL PURPOSE VEHICLE ACT OF 2002 FOR THE PURPOSE OF ALLOWING THE ESTABLISHMENT AND REGISTRATION OF NEW SPVs AND FOR OTHER PURPOSES

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

SECTION1. Section 6 of Republic Act No. 9182 is hereby

amended to read as follows:

"SEC. 6. *Period for Filing of Applications.* - Applications for the establishment and registration of an SPV shall be filed with the Commission within eighteen (18) months from the date of effectivity of this amendatory Act."

SEC. 2. Section 15 of the same Act is hereby amended to read as follows:

"SEC.15. *Tax Exemptions and Fee Privileges.* - Any existing law to the contrary notwithstanding, the transfer of NPAs from the FI to an SPV, and from an SPV to a third party or dation in payment (*dacion en pago*) by the borrower or by a third party in favor of an FI or in favor of an SPV shall be exempt from the following taxes:

"(a) Documentary stamp tax on the abovementioned transfer of NPAs and dation in payment (*dacion en pago*) as may be imposed under Title VII of the National Internal Revenue Code of 1997;

"(b) Capital gains tax imposed on the transfer of lands and/or other assets treated as capital assets as defined under Section 39(A)(1) of the National Internal Revenue Code of 1997;

"(c) Creditable withholding income taxes imposed on the transfer of land and/or buildings treated as ordinary assets pursuant to Revenue Regulation No. 2-98, as amended;

"(d) Value-added tax on the transfer of NPAs as may be imposed under Title IV of the National Internal Revenue Code of 1997 or gross receipts tax under Title V of the same Code, whichever is applicable.

"The abovementioned transfers shall also be subject to the following, in lieu of the applicable fees:

"(a) Fifty percent (50%) of the applicable mortgage registration "and transfer fees on the transfer of real estate mortgage and chattel mortgage registrations to and from the SPV, as imposed in accordance with the existing circulars of the Land Registration Authority (LRA);

"(b) Fifty percent (50%) of the filing fees for any foreclosure initiated by the SPV in relation to any NPA acquired from an FI, as prescribed by the Rules of Court; and

"(c) Fifty percent (50%) of the land registration fees prescribed under the existing circulars of the LRA.

"All sales or transfers of NPAs from the FIs to an SPV or transfers by way of dation in payment (*dacion en pago*) by the borrower or by a third party to the FI shall be entitled to the privileges enumerated herein for a period of not more than two (2) years from the date of effectivity of this amendatory Act: *Provided*, That transfers from an SPV to a third party of NPAs acquired by the SPV within such two year

period or transfers by way of dation in payment (*dacion en pago*) by a borrower to the SPV shall enjoy the privileges enumerated herein for a period of not more than five (5) years from the date of acquisition by the SPV: *Provided, further,* That properties acquired by an SPV from GFIs or GOCCs which are devoted to socialized or low-cost housing shall not be converted to other uses.

"The abovementioned tax exemptions, incentives, and fee privileges given to FIs and SPV at the various stages of the transactions under this section shall likewise be extended to any individual in accordance with the IRR: *Provided,* That:

- "(i) the transaction is limited to a single family residential unit ROPOA or NPL secured by real estate mortgage on a residential unit;
- "(ii) there shall only be one transaction consisting of one residential unit per individual; and
- "(iii) the two-year transfer and the five-year entitlement period granted to NPA shall also apply to said single family residential unit."

SEC. 3. *Separability Clause.* - If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SEC. 4. *Repealing Clause.* - Any law, presidential decree or issuance, executive order, rule or regulation contrary to, or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 5. *Effectivity.* - This Act shall take effect fifteen (15) days following its complete publication in the *Official Gazette* or in at least two newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of House Bill No. 4066 and Senate Bill No. 2204 was finally passed by the House of Representatives and the Senate on March 14, 2006.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:

President of the Philippines

RA 9367

**Republic of the Philippines
Congress of the Philippines
Metro Manila**

Thirteenth Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-fourth
day of July, two thousand six

[REPUBLIC ACT NO. 9367]

**AN ACT TO DIRECT THE USE OF BIOFUELS,
ESTABLISHING FOR THIS PURPOSE THE
BIOFUEL PROGRAM., APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES**

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

SECTION 1. *Short Title.* - This Act shall be known as the "Biofuels Act of 2006".

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to reduce dependence on imported fuels with due regard to the protection of public health, the environment, and natural ecosystems consistent with the country's sustainable economic growth that would expand opportunities for livelihood by mandating the use of biofuels as a measure to:

- a) develop and utilize indigenous renewable and sustainably-sourced clean energy sources to reduce dependence on imported oil;
- d) ensure the availability of alternative and renewable clean energy without any detriment to the natural ecosystem, biodiversity and food reserves of the country.

SEC. 3. *Definition of Terms.* - As used in this Act, the following terms shall be taken to mean as follows:

- a) *AFTA* - shall refer to the ASEAN Free Trade Agreement initiated by the Association of Southeast Asian Nations;
- b) *Alternative Fuel Vehicles/Engines* - shall refer to vehicles/engines that use alternative fuels such as biodiesel, bioethanol, natural gas, electricity, hydrogen and automotive LPG, instead of gasoline and diesel;
- c) *Bioethanol* - shall refer to ethanol (ePsOH) produced from feedstock and other biomass;
- d) *Biodiesel* - shall refer to Fatty Acid Methyl Ester (FAME) or mono-alkyl esters derived from vegetable oils or animal fats and other biomass-derived oils that shall be technically proven and approved by the DOE for use in diesel engines, with Quality specifications in accordance with the Philippine National Standards (PNS);
- e) *Bioethanol fuel* - shall refer to hydrous or anhydrous bioethanol suitably denatured for use as motor fuel, with quality specifications in accordance with the PNS;
- f) *Biofuel* - shall refer to bioethanol and biodiesel and other fuels made from biomass and primarily used for motive, thermal and power generation, with quality specifications in accordance with the PNS;
- g) *Biomass* - shall refer to any organic matter, particularly cellulosic or ligno-cellulosic matter, which is available on a renewable or recurring basis, including trees, crops and associated residues, plant fiber, poultry litter and other animal wastes, industrial wastes, and the biodegradable component of solid waste;
- h) *DA* - shall refer to the Department of Agriculture created under Executive Order No. 116, as amended;
- i) *Diesel* - shall refer to refined petroleum distillate, which may contain small amounts of hydrocarbon or nonhydrocarbon additives to improve ignition quality or other characteristics, suitable for compression ignition engine and other suitable types of engines with Quality specifications in accordance with the PNS;
- j) *DENR* - shall refer to the Department of Environment and Natural Resources created under Executive Order No. 192.

as amended;

k) *DOE* - shall refer to the Department of Energy created under Republic Act No. 7638, as amended;

l) *DOLE* - shall refer to the Department of Labor and Employment created under Executive Order No. 126, as amended;

m) *DOF* - shall refer to the Department of Finance created under Administrative Order Nos. 127 and 127-A;

n) *DOST* - shall refer to the Department of Science and Technology created under Republic Act No. 2067;

o) *DOTC* - shall refer to the Department of Transportation and Communications created under Executive Order No. 125-A, as amended;

p) *DTI* - shall refer to the Department of Trade and Industry created under Executive Order No. 133;

q) *Feedstock* - shall refer to organic sources such as molasses, sugarcane, cassava, coconut, jatropha, sweet sorghum or other biomass used in the production of biofuels;

r) *Gasoline* - shall refer to volatile mixture of liquid hydrocarbon, generally containing small amounts of additives, suitable for use as a fuel in spark-ignition internal combustion engines with quality specifications in accordance with the PNS;

s) *Motor fuel* - shall refer to all volatile and inflammable liquids and gas produced, blended or compounded for the purpose of, or which are suitable or practicable for, operating motor vehicles;

u) *NBB or Board* - shall refer to the National Biofuel Board created under Section 8 of this Act;

v) *Oil Company* - shall refer to any entity that distributes and sells petroleum fuel products;

w) *Oxygenate* - shall refer to substances, which, when added to gasoline, increase the amount of oxygen in that gasoline blend;

x) *PNS* - shall refer to the Philippine National Standards; consistent with Section 26 of RA No. 8749 otherwise known as the "Philippine Clean Air Act of 1999";

y) *Renewable Energy Sources* - shall refer to energy sources that do not have an upper limit on the total quantity to be used. Such resources are renewable on a regular basis; and

SEC. 4. Phasing Out of the Use of Harmful Gasoline Additives and/or Oxygenates. - Within six months from the effectivity of this Act, the DOE, according to duly accepted international standards, shall gradually phase out the use of harmful gasoline additives such as, but not limited to, MTBE.

SEC. 5. Mandatory Use of Biofuels - Pursuant to the above policy, it is hereby mandated that all liquid fuels for motors and engines sold in the Philippines shall contain locally-sourced biofuels components as follows:

5.1 Within two years from the effectivity of this Act, at least five percent (5%) bioethanol shall comprise the annual total volume of gasoline fuel actually sold and distributed by each and every oil company in the country, subject to the

requirement that all bioethanol blended gasoline shall contain a minimum of five percent (5%) bioethanol fuel by volume: *Provided*, That the ethanol blend conforms to PNS.

5.2 Within four years from the effectivity of this Act, the NBB created under this Act is empowered to determine the feasibility and thereafter recommend to DOE to mandate a minimum of ten percent (10%) blend of bioethanol by volume into all gasoline fuel distributed and sold by each and every oil company in the country.

In the event of supply shortage of locally-produced bioethanol during the four-year period, oil companies shall be allowed to import bioethanol but only to the extent of the shortage as may be determined by the NBB.

5.3 Within three months from the effectivity of this Act, a minimum of one percent (1%) biodiesel by volume shall be blended into all diesel engine fuels sold in the country: *Provided* That the biodiesel blend conforms to PNS for biodiesel.

Within two years from the effectivity of this Act, the NBB created under this Act is empowered to determine the feasibility and thereafter recommend to DOE to mandate a minimum of two percent (2%) blend of biodiesel by volume which may be increased taking into account considerations including but not limited to domestic supply and availability of locally-sourced biodiesel component.

SEC. 6. Incentive Scheme. - To encourage investments in the production, distribution and use of locally-produced biofuels at and above the minimum mandated blends, and without prejudice to enjoying applicable incentives and benefits under existing laws, rules and regulations, the following additional incentives are hereby provided under this Act.

a) Specific tax

The specific tax on local or imported biofuels component, per liter of volume shall be zero (0). The gasoline and diesel fuel component shall remain subject to the prevailing specific tax rates.

b) Value added tax

The sale of raw material used in the production of biofuels such as, but not limited to, coconut, jatropha, sugarcane, cassava, corn, and sweet sorghum shall be exempt from the value added tax.

c) Water Effluents

All water effluents, such as but not limited to distillery slops from the production of biofuels used as liquid fertilizer and for other agricultural purposes are considered "reuse", and are therefore, exempt from wastewater charges under the system provided under Section 13 of R.A No. 9275, also known as the Philippine Clean Water Act: *Provided, however*, That such application shall be in accordance with the guidelines issued pursuant to R.A No. 9275, subject to the monitoring and evaluation by DENR and approved by DA.

d) Financial Assistance

Government financial institutions, such as the Development Bank of the Philippines, Land Bank of the Philippines, Quedancor and other government institutions providing financial services shall, in accordance with and to the extent allowed by the enabling provisions of their respective charters or applicable laws, accord high priority to extend financing to Filipino citizens or entities, at least sixty percent (60%) of the capital stock of which belongs to citizens of the Philippines that shall engage in activities involving production, storage, handling and transport of biofuel and biofuel feedstock, including the blending of biofuels with petroleum, as certified by the DOE.

SEC. 7. Powers and Functions of the DOE - In addition to its existing powers and functions, the DOE is hereby mandated to take appropriate and necessary actions to implement the provisions of this Act. **In** pursuance thereof, it shall within three months from the effectivity of this Act:

- a) Formulate the implementing rules and regulations under Section 15 of this Act;
- b) Prepare the Philippine Biofuel Program consistent with the Philippine Energy Plan and taking into consideration the DOE's existing biofuels program;
- c) Establish technical fuel quality standards for biofuels and biofuel blended gasoline and diesel which comply with the PNS;
- d) Establish guidelines for the transport, storage and handling of biofuels;
- e) Impose fines and penalties against persons or entities found to have committed any of the prohibited acts under Section 12 (b) to (e) of this Act;
- f) Stop the sale of biofuels and biofuel-blended gasoline and diesel that are not in conformity with the specifications provided for under Section 5 of this Act, the PNS and corresponding issuances of the Department; and
- g) Conduct an information campaign to promote the use of biofuels.

SEC. 8. Creation of the National Biofuel Board (NBB). - The National Biofuel Board is hereby created. It shall be composed of the Secretary of the DOE as Chairman and the Secretaries of the DTI, DOST, DA, DOF, DOLE, and the Administrators of the PEA, and the SRA, as members. The DOE Secretary, in his capacity as Chairperson, shall, within one month from the effectivity of this Act, convene the NBB.

The Board shall be assisted by a Technical Secretariat attached to the Office of the Secretary of the DOE. It shall be headed by a Director to be appointed by the Board. The number of staff of the Technical Secretariat and the corresponding positions shall be determined by the Board,

subject to approval by the Department of Budget and Management (DBM) and existing civil service rules and regulations.

SEC. 9. Powers and Functions of the NBB - The NBB shall have the following powers and functions:

- a) Monitor the implementation of, and evaluate for further expansion, the National Biofuel Program (NBP) prepared by the DOE pursuant to Section 7 (b) of this Act;
- b) Monitor the supply and utilization of biofuels and biofuel-blends and recommend appropriate measures in cases of shortage of feedstock supply for approval of the Secretary of DOE. For this purpose:
 - 1. The NBB is empowered to require all entities engaged in the production, blending and distribution of biofuels to submit reports of their actual and projected sales and inventory of biofuels, in a format to be prescribed for this purpose; and
 - 2. The NBB shall determine availability of locally-sourced biofuels and recommend to DOE the appropriate level or percentage of locally-sourced biofuels to the total annual volume of gasoline and diesel sold and distributed in the country.
- c) Review and recommend to DOE the adjustment in the minimum mandated biofuel blends subject to the availability of locally-sourced biofuels: *Provided*, That the minimum blend may be decreased only within the first four years from the effectivity of this Act. Thereafter, the minimum blends of five percent (5%) and two percent (20/0) for bioethanol and biodiesel, respectively, shall not be decreased;
- d) Recommend to DOE a program that will ensure the availability of alternative fuel technology for vehicles, engines and parts in consonance with the mandated minimum biofuel-blends, and to maximize the utilization of biofuels, including other biofuels;
- e) Recommend to DOE the use of biofuel-blends in air transport taking into account safety and technical viability; and
- f) Recommend specific actions to be executed by the DOE and other appropriate government agencies concerning the implementation of the NBP, including its economic, technical, environment and social impact.

SEC. 10. Security of Domestic Sugar Supply. - Any provision of this Act to the contrary notwithstanding, the SRA, pursuant to its mandate, shall, at all times, ensure that the supply of sugar is sufficient to meet the domestic demand and that the price of sugar is stable.

To this end, the SRA shall recommend and the proper agencies shall undertake the importation of sugar whenever necessary and shall make appropriate adjustments to the minimum access volume parameters for sugar in the Tariff and Customs Code.

SEC. 11. Role of Government Agencies. - To ensure the effective implementation of the NBP, concerned agencies shall perform the following functions:

- a) The DOF shall monitor the production and importation

of biofuels through the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC);
b) The DOST and the DA shall coordinate in identifying and developing viable feedstock for the production of biofuels;
c) The DOST, through the Philippine Council for Industry and Energy Research and Development (PCIERD), shall develop and implement a research and development program supporting a sustainable improvement **in** biofuel

production and utilization technology. It shall also publish and promote related technologies developed locally and abroad;

d) The DA through its relevant agencies shall:

- (1) Within three months from the effectivity of this Act, develop a national program for the production of crops for use as feedstock supply. For this purpose, the Administrators of the **SRA** and the PCA, and other DA-attached agencies shall, within their authority, develop and implement policies supporting the Philippine Biofuel Program and submit the same to the Secretary of the DA for consideration;
- (2) Ensure increased productivity and sustainable supply of biofuel feedstocks. It shall institute a program that would guarantee that a sufficient and reliable supply of feedstocks is allocated for biofuel production; and
- (3) Publish information on available and suitable areas for cultivation and production of such crops.

e) the DOLE shall:

- (1) Promote gainful livelihood opportunities and facilitate productive employment through effective employment services and regulation;
- (2) Ensure the access of workers to productive resources and social protection coverage; and
- (3) Recommend plans, policies and programs that will enhance the social impact of the NBP.

f) The Tariff Commission, in coordination with the appropriate government agencies, shall create and classify a tariff line for biofuels and biofuel-blends in consideration of WTO and AFTA agreements; and

g) The local government units (LCUs) shall assist the DOE in monitoring the distribution, sale and use of biofuels and biofuel-blends.

SEC. 12. Prohibited Acts. - The following acts shall be prohibited:

- a) Diversion of biofuels, whether locally produced or imported, to purposes other than those envisioned in this Act;
- b) Sale of biofuel-blended gasoline or diesel that fails to comply with the minimum biofuel-blend by volume in violation of the requirement under Section 5 of this Act;
- c) Distribution, sale and use of automotive fuel containing harmful additives such as, but not limited to, MTBE at such concentration exceeding the limits to be determined by the

NBB;

- d) Noncompliance with the established guidelines of the PNS and DOE adopted for the implementation of this Act; and
- e) False labeling of gasoline, diesel, biofuels and biofuel blended gasoline and diesel

SEC. 13. *Penal Provisions.* - Any person, who willfully aids or abets in the commission of a crime prohibited herein or who causes the commission of any such act by another shall be liable in the same manner as the principal.

In the case of association, partnership or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, directors or officers, responsible for the violation.

The commission of an act enumerated in Section 12, upon conviction thereof, shall suffer the penalty of one year to five years imprisonment and a fine ranging from a minimum of One million pesos (P1,000,000.00) to Five million pesos (P5,000,000.00).

In addition, the DOE shall confiscate any amount of such products that fail to comply with the requirements of Sections 4 and 5 of this Act, and implementing issuances of the DOE. The DOE shall determine the appropriate process and the manner of disposal and utilization of the confiscated products. The DOE is also empowered to stop and suspend the operation of businesses for refusal to comply with any order or instruction of the DOE Secretary in the exercise of his functions under this Act.

Further, the DOE is empowered to impose administrative fines and penalties for any violation of the provisions of this Act, implementing rules and regulations and other issuances relative to this Act.

SEC. 14. *Appropriations.* - Such sums as may be necessary for the initial implementation of this Act shall be taken from the current appropriations of the DOE. Thereafter, the fund necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act.

SEC. 15. *Implementing Rules and Regulations (IRR).* - The DOE, in consultation with the NBB, the stakeholders and other agencies concerned, shall within three months from the effectivity of this Act, promulgate the IRR of this Act: *Provided*, That prior to its effectivity, the draft of the IRR shall be posted at the DOE website for at least one month, and shall be published in at least two newspapers of general circulation.

SEC. 16. *Congressional Oversight Committee.* - Upon the effectivity of this Act, a Congressional Committee, hereinafter referred to as the Biofuels Oversight Committee, is hereby constituted. The Biofuels Oversight Committee shall be composed of fourteen (14) members, with the Chairmen of the Committees on Energy of both Houses of Congress as co-chairmen.

The Chairmen of the Committees on Agriculture and Trade and Industry shall be *ex officio* members. An additional four members from each House, to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The minority shall be entitled to pro-rata representation but shall have at least one representative in the Biofuels Oversight Committee.

SEC. 17. *Benefits of Biofuel Workers.* - This Act shall not in any way result in the forfeiture or diminution of the existing benefits enjoyed by the sugar workers as prescribed under R.A. No. 6982, or the Sugar Amelioration Act of 1991, in case sugarcane shall be used as feedstock.

The NBB shall establish a mechanism similar to that provided under the Sugar Amelioration Act of 1991 for the benefit of other biofuel workers.

SEC. 18. *Special Clause.* - This Act shall not be interpreted as prejudicial to clean development mechanism (CDM) projects that cause carbon dioxide (CO₂) and greenhouse gases (GHG) emission reductions by means of biofuels use.

SEC. 19. *Repealing Clause.* - The provisions of Section 148 (d) of R.A. No. 8424, otherwise known as Tax Reform Act of 1997, and all other laws, presidential decrees or issuances, executive orders, presidential proclamations, rules and regulations or parts thereof inconsistent with the provisions of this Act, are hereby repealed, modified or amended accordingly.

SEC. 20. *Separability Clause.* - If any provision of this Act is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.

SEC. 21. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in at least two newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of Senate Bill No. 2226 and House Bill No. 4629 was finally passed by the House of Representatives and the Senate on November 29, 2006.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:
January 12, 2007

President of the Philippines

RA 9379

Republic of the Philippines
Congress of the Philippines
Metro Manila

Thirteenth Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-fourth
day of July, two thousand six

[REPUBLIC ACT NO. 9379]

AN ACT DEFINING HANDLINE FISHING, PROVIDING
EFFECTIVE REGULATIONS THEREFOR AND FOR
OTHER PURPOSES

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

SECTION1. *Short Title.* - This Act shall be known as "The
Handline Fishing Law".

SEC. 2. *Declaration of Policy.* - It is hereby declared the
policy of the State:

(a) To promulgate specific policies and procedures
governing handline fishing and utilization of handline fishing
boats;

(b) To support the development of the handline fishing
industry and promote the competitiveness, sustainability and
social development of handline fishing and its allied industries;

(c) To strengthen existing rules and regulations governing handline fishing and ensure the safety and seaworthiness of handline fishing boats.

SEC.3. *Definition of Terms.* - For purposes of this Act, the following terms and phrases shall mean as follows:

(1) *Handline Fishing* - a traditional fishing method that uses the hook and line, a passive fishing gear with a single vertical line carrying one hook and used by simply dropping the line into the water and waiting for the fish to bite.

(2) *Handline Fishing Boat* - a fishing boat with or without outrigger and with or without auxiliary small boats on board that exclusively utilizes the handline fishing method.

SEC.4. *Handline Fishing Boat Documentation.* - The registration, inspection, manning and other documentation of handline fishing boats as flag boats shall be with the Maritime Industry Authority (MARINA), while the licensing and related documentation of said boats as fishing boats shall be with the Bureau of Fisheries and Aquatic Resources (BFAR).

SEC.5. *Fishing by Philippine Handline Fishing Boats in International Waters.* - Handline fishing boats of Philippine registry may operate in international waters or waters of other countries that allow such operations: *Provided*, That they comply with the appropriate and applicable safety, manning, radio communications and other standards and requirements geared at promoting seaworthiness: *Provided, however*, That they secure an appropriate international fishing permit and certificate of clearance from the BFAR: *Provided, further*, That the fish caught by handline fishing boats shall be considered as caught in Philippine waters and therefore not subject to all import duties and taxes when the same is landed in government designated fish landings and fish ports in the Philippines: *Provided, finally*, That fishermen on board Philippine registered handline fishing boats conducting fishing activities beyond the Philippine Exclusive Economic Zone are not considered as overseas Filipino workers.

SEC. 6. *Manning Complement of Handline Fishing Boats.*

- Every handline fishing boat of Philippine registry, except auxiliary boat, when actually operated, shall be manned in accordance with the following:

(a) The person holding the position of Boat Master shall be issued a Boat Captain License after submitting a Certificate of Engagement from the present boat owner whom he works with, affidavit of boat owner taking the risk and responsibility for engaging the Boat Master, and Certificate of Completion for theoretical and practical training for all applicants to the position. The Identification Card of the Boat Master shall bear the words "ONLY FOR HANDLINE FISHING BOAT".

(b) The person holding the position of Boat Engineer shall be issued a Boat Engine Officer License after submitting a Certificate of Engagement from the present boat owner whom he works with, affidavit of boat owner taking the risk and responsibility for engaging the Boat Engineer, and Certificate of Completion for theoretical and practical training for all applicants to the position. The Identification Card of the Boat Engineer shall bear the words "ONLY FOR HANDLINE FISHING BOAT": *Provided*, That upon approval of this Act,

incumbent Boat Masters and Boat Engineers shall be issued their respective licenses after submission of their Certificate of Engagement, affidavit of boat owner taking the risk and responsibility and Certificate of Completion for theoretical and practical training: *Provided, further,* That the Certificate of Completion for theoretical and practical training shall be complied within one year: *Provided, furthermore,* That for handline fishing boats that fish outside Philippine waters, the Boat Master, Boat Engineer and other boat personnel required by the appropriate minimum safe manning document, shall also submit a copy of their respective Seaman's Identification and Record Book (SIRB).

SEC. 7. Construction of Handline Fishing Boats. -

Existing and newly constructed handline fishing boats shall be admeasured/re-admeasured and shall follow prepared boat plans based on the following:

- (a) For boats of five gross tons and below including auxiliary boats, a picture and actual dimensions of the boat submitted by the owner or boat builder;
- (b) For boats above five gross tons, the boat plan signed and sealed by a Naval Architect. However, boat plans complying with the dimensions and specifications of previously approved and sealed plans by a registered Naval Architect shall be considered as having been approved and sealed by a registered Naval Architect.

SEC.8. Implementing Rules and Regulations. - The Secretary of the Department of Agriculture, within ninety (90) days from the approval of this Act, through a technical working committee composed of the BFAR, the MARINA, the Philippine Coast Guard, the National Telecommunications Commission and other concerned government agencies, in consultation with fisherfolk and handline fishing industry organizations and other stakeholders, shall promulgate the necessary rules and regulations including, but not limited to, the establishment of a one-stop shop for the industry; provision for first aid, life saving and firefighting devices; provision and operation of radio communication facilities; reportorial requirements and similar standards that promote seaworthiness for the full implementation of this Act.

SEC.9. Repealing Clause. - All existing laws, decrees, executive orders and rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

SEC.10. Effectivity. - This Act shall take effect fifteen (15) days after its publication in two newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of House Bill No. 4067 and Senate Bill No. 2522 was finally passed by the House of

Representatives and the Senate on December 18, 2006 and
December 13, 2006 respectively.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fourteenth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of July, two thousand eight

[REPUBLIC ACT NO. 9515]

AN ACT DEFINING THE LIABILITY OF SHIP AGENTS IN THE
TRAMP SERVICE AND FOR OTHER PURPOSES

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

(a) "Ship Agent" shall mean the person entrusted with
the provisioning or representing the vessel in the port in which
it may be found;

(b) "General Agent" shall mean a ship agent appointed
by the ship owner or carrier in the liner service for all voyages
and covered by a General Agency Agreement whereby the agent
assumes the role and responsibility of its principal within the
Philippine territory including, but not limited to, solicitation
of cargo and freight, payment of discharging or loading
expenses, collection of shipping charges and issuing/releasing
bills of lading and cargo manifest;

(c) "Tramp Agent" shall mean a ship agent appointed

by the ship owner, charterer or carrier in the tramp service for one particular voyage whose authority is limited to the customary and usual procedures and formalities required for the facilitation of the vessel's entry, stay and departure in the port and does not include the assumption of the ship owner's, charterer's, or carrier's obligations with the shipper or receiver for the goods carried by the ship:

- (d) "Tramp Service" shall mean the operation of a contract carrier which has no regular and fixed routes and schedules but accepts cargo wherever and whenever the shipper desires, is hired on a contractual basis, or chartered by any one or few shippers under mutually agreed terms and usually carries bulk or break bulk cargoes: and
- (e) "Liner Service" shall mean the operation of a common carrier which publicly offers its services without discrimination to any user, has regular ports of call/destination, fixed sailing schedules and frequencies and published freight rates and attendant charges and usually carries multiple consignments

SEC. 2. *Liability of the Ship Agent, General Agent and Tramp Agent.* – The responsibility or liability, if any, of the ship agent, general agent and tramp agent shall continue to be governed by the pertinent provisions of the Code of Commerce: *Provided*, That In the case of the tramp agent, his liability shall not extend to the obligations assumed by the ship owner, charterer or carrier with the shipper or receiver for the goods earned by the ship: *Provided, further*, That it is the duty of the tramp agent, however, to assist the shipper or receiver in making cargo liability claims- against the ship owner, charterer or carrier: *Provided, finally*, That failure or inaction to perform the aforesaid duty shall subject the tramp agent to applicable administrative sanctions based on the Implementing Rules and Regulations (IRR) to be formulated thereon by the Maritime Industry Authority (MARINA) under the Department of Transportation and Communications (DOTC) and by the Philippine Shippers Bureau (PSB) under the Department of Trade and Industry (DTI).

SEC. 3. *Repealing Clause.* – All applicable laws, decrees, executive orders, rules and regulations which are inconsistent with this Act are hereby, amended or modified accordingly.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days following the completion of its publication in two (2) national newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of Senate Bill No. 2078 and House Bill No. 4120 was finally passed by the Senate and House of Representatives on September 9, 2008 and September 24, 2008 respectively.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:
December 19, 2008

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fourteenth Congress

Second Regular Session

Begun and held in the City of Manila on Monday, the twenty-eighth
day of July, two thousand eight

[REPUBLIC ACT NO. 9517]

AN ACT GRANTING SOUTHEAST ASIAN AIRLINES (SEAir).
INC. A FRANCHISE TO ESTABLISH, OPERATE AND
MAINTAIN DOMESTIC AND INTERNATIONAL AIR
TRANSPORT SERVICES. WITH CLARKFIELD.
PAMPANGA AS ITS BASE

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

SECTION 1. *Nature and Scope of Franchise.* - Subject to
the provisions of the Constitution and applicable laws, rules
and regulations, there is hereby granted to Southeast Asian
Airlines (SEAir), Inc., hereunder referred to as the grantee, its
Successors or assigns, a franchise to establish, operate and
maintain transport services for the carriage of passengers, mail
goods and property by air, both domestic and international.

Air transport services shall include the maintenance and

operation of hangars and aircraft service stations and facilities and other services of similar nature which may be necessary, convenient or useful as an auxiliary to aircraft transportation. The grantee shall have the right at its terminal and landing fields, as well as in its aircraft, to construct, operate and maintain stations or transmitting sets for wireless telegraphy and direction findings, and other radio aids to air navigation, using wavelengths in accordance with the rules and regulations made from time to time by the proper agencies of the government. The wireless communication facilities shall be used solely for receiving and transmitting weather forecasts and other matters in connection with the grantee's services.

SEC.2. Civil Aeronautics Board (CAB). - The grantee shall secure from the CAB the appropriate permits and licenses for its operations.

All aircraft used by the grantee including their accessories and equipment shall at all times be air worthy and the crew members shall be licensed by the Government of the Philippines. They shall be equipped with radio communications, safety and other equipment and shall be operated and maintained in accordance with the regulations and technical requirements of the Civil Aviation Authority of the Philippines or such other regulatory bodies the government may prescribe for this purpose.

The grantee's equipment and the operation of such equipment shall at all times be subject to inspection and regulation by the Civil Aviation Authority of the Philippines. The grantee shall comply with the provisions of Republic Act Numbered Seven hundred and seventy-six (R.A. No. 776), otherwise known as the "Civil Aeronautics Act of the Philippines", and the regulation promulgated thereunder from time to time.

SEC. 3. Responsibility to the Public. - Excepting cases of *force majeure* and whenever weather conditions permit, the grantee shall maintain scheduled and/or non-scheduled and/or chartered air transport services to any and all points and places throughout the Philippines and between the Philippines and other countries at such frequencies as traffic needs may require: *Provided, however,* That at least twenty-five percent (25%) of all its frequencies shall be for domestic market.

SEC. 4. Rates for Services. - The grantee shall fix just and reasonable rates for the transportation of passengers, mail goods and freight, subject to the regulations and approval of the CAB and other proper regulatory agencies of the government.

SEC. 5. Term of Franchise. - This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- (a) Commence operations within one (1) year from the approval of its permit by the CAB;
- (c) Commence operations within two (2) years from the effectivity of this Act.

SEC. 6. Acceptance and Compliance. - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the

grantee shall exercise the privileges granted under this Act. Non acceptance shall render the franchise void.

SEC. 7. Bond. - The grantee shall file a bond issued in favor of the CAB, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the Board, the grantee shall have fulfilled the same, the bond shall be cancelled by the Board. Otherwise, the bond shall be forfeited in favor of the government and the franchise ipso facto revoked.

SEC. 8. Landing Facilities. - The grantee may use the landing and other airport facilities on land and water as may be maintained or owned by the government within the Philippines on the grantee's line subject to such terms and conditions, restrictions and national policy considerations as the Philippine Government may impose: *Provided*, That the Philippine Government shall have the right to use the landing and other airport facilities as may be maintained and owned by the grantee in the Philippines.

SEC. 9. Contracts. - The grantee is authorized to enter into transportation contracts with the Philippine Government, including the carrying of mail, upon such terms and conditions as may be mutually agreed upon. The grantee shall give preferential consideration to contracts with the Philippine Government. The grantee may likewise enter into transportation maintenance and/or servicing contracts, and such other contracts relating to air transport with other foreign owned airlines particularly with those which have international routes.

SEC. 10. Right of Government. - A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the facilities or equipment of the grantee, to temporarily suspend the operation of any facility or equipment in the interest of public safety, security and public welfare, or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said facilities or equipment during the period when they shall be so operated.

SEC. 11. Warranty in Favor of the National and Local Governments. - The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the operation of the services under the franchise hereby granted.

SEC. 12. Nontransferability of Franchise. - The grantee shall not lease, transfer, grant the usufruct or sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity,

nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 13. *Dispersal of Ownership.* – In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer at least thirty percent (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the commencement of its operations. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. *Reportorial Requirement.* - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 15. *Equality Clause.* - In the event that any competing individual, partnership or corporation receives or enjoys or shall receive similar permit or franchise with terms, provisions and/or privileges more favorable than those herein granted or which tend to place the herein grantee at any disadvantage, then such terms and/or provisions shall be deemed part hereof and shall operate equally in favor of the herein grantee.

SEC. 16. *Separability Clause.* - If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 17. *Repealability and Nonexclusivity Clause.* - This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 18. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in at least two (2) newspapers of general circulation in the Philippines.

Approved,

President of the Senate

Speaker of the Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on May 12, 2008 and September 29, 2008 respectively.

Secretary of the Senate

Secretary of the House

Of Representatives

Approved:

President of the Philippines

RA 9993

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fourteenth Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-seventh
day of July, two thousand nine

[REPUBLIC ACT NO. 9993]

AN ACT ESTABLISHING THE PHILIPPINE COAST GUARD AS
AN ARMED AND UNIFORMED SERVICE ATTACHED TO THE
DEPARTMENT OF TRANSPORTATION AND
COMMUNICATIONS, THEREBY REPEALING REPUBLIC ACT
NO. 5173, AS AMENDED, AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* - This Act shall be known as the
"Philippine Coast Guard Law of 2009".

SEC. 2. *Establishment.* - The Philippine Coast Guard,
hereinafter referred to as the PCG, is hereby established as
an armed and uniformed service attached to the Department
of Transportation and Communications (DOTC): *Provided,*

That in times of war, as declared by Congress, the PCG or parts thereof, shall be attached to the Department of National Defense.

SEC. 3. Powers and Functions. - The PCG shall have the following powers and functions:

- (a) To enforce regulations in accordance with all relevant maritime international conventions, treaties or instruments and national laws for the promotion of safety of life and property at sea within the maritime jurisdiction of the Philippines and conduct port state control implementation;
- (b) To conduct inspections on all merchant ships and vessels, including but shall not be limited to inspections prior to departure, to ensure and enforce compliance with safety standards, rules and regulations;
- (c) To detain, stop or prevent a ship or vessel which does not comply with safety standards, rules and regulations from sailing or leaving port;
- (d) To conduct emergency readiness evaluation on merchant marine vessels;
- (e) Subject to the approval of the Secretary of the DOTC, to issue and enforce rules and regulations for the promotion of safety of life and property at sea on all maritime-related activities;
- (f) To coordinate, develop, establish, maintain and operate aids to navigation, vessel traffic system, maritime communications and search and rescue facilities within the maritime jurisdiction of the Philippines;
- (g) To remove, destroy or tow to port, sunken or floating hazards to navigation, including illegal fish traps and vessels, at or close to sea lanes which may cause hazard to the marine environment;
- (h) To issue permits for the salvage of vessels and to supervise all marine salvage operations, as well as prescribe and enforce rules and regulations governing the same;
- (i) To render aid to persons and vessels in distress and conduct search and rescue in marine accidents within the maritime jurisdiction of the Philippines, including the high

seas, in accordance with applicable international conventions. In the performance of this function, the PCG may enlist the services of other government agencies and the merchant marine fleet;

- G) To investigate and inquire into the causes of all maritime accidents involving death, casualties and damage to properties;
- (k) To assist in the enforcement and maintenance of maritime security, prevention or suppression of terrorism at sea, and performance of law enforcement functions in accordance with pertinent laws, rules and regulations;
- (l) To assist in the enforcement of laws on fisheries, immigration, tariff and customs, forestry, firearms and explosives, human trafficking, dangerous drugs and controlled chemicals, transnational crimes and other applicable laws within the maritime jurisdiction of the Philippines;
- (m) To board and inspect all types of merchant ships and watercrafts in the performance of its functions;
- (n) To enforce laws and promulgate and administer rules

and regulations for the protection of marine environment and resources from offshore sources of pollution within the maritime jurisdiction of the Philippines;

- (o) To develop oil spill response, containment and recovery capabilities against ship-based pollution;
- (P) To grant, within its capabilities and consistent with its mandate, requests for assistance of other government agencies in the performance of their functions;
- (q) To organize, train and supervise the PCG Auxiliary (PCGA) for the purpose of assisting the PCG in carrying out its mandated functions; and
- (r) To perform such other functions that may be necessary in the attainment of the objectives of this Act.

SEC. 4. *Gender Sensitivity Program.* - Gender concerns should be addressed in all planning activities, setting of priorities, allocating of resources and identifying actions and activities of the PCG. It should also incorporate a gender sensitive perspective in the implementation of such plans and programs.

Gender sensitivity shall also be employed in all its internal policies, strategies, budget, projects, structures and mechanisms, including but not limited to hiring, promotions, assignment, training opportunities, pay and benefits. A gender perspective should likewise be integrated in all its training programs, especially for maritime search and rescue.

SEC. 5. *The PCG Commandant.* - The PCG shall be headed by a Commandant who shall carry the rank of Coast Guard Admiral: *Provided*, That he shall be appointed by the President from among the Flag Officers in the Coast Guard service. He shall hold a command-at-sea badge and must have served as a District Commander of the PCG. The Commandant shall have a maximum term of three (3) years. A Commandant who has served for three (3) years prior to his compulsory retirement shall be considered as retired and entitled to all the benefits available to a Coast Guard officer as if he is compulsorily retired.

SEC. 6. *Organization.* - The PCG shall consist of the following categories of officers and employees:

- (a) PCG officers
- (b) PCG non officers
- (c) PCG non-uniformed personnel
- (d) Probationary ensign; and
- (e) Cadetes and Cadettes

SEC. 7. *Officer Rank Distribution.* - The officer rank distribution of the PCG shall be as follows: two *per centum* (2%) in the Flag Officer rank; six *per centum* (6%) in the rank of Coast Guard Captain; twelve *per centum* (12%) in the rank of Coast Guard Commander; eighteen *per centum* (18%) in the rank of Coast Guard Lieutenant Commander; twenty *per centum* (20%) in the rank of Coast Guard Lieutenant; and forty-two *per centum* (42%) in the ranks of Coast Guard Lieutenant Junior Grade and Coast Guard Ensign: *Provided*, That such distribution is based on the ratio between officer

and non-officer which is one (1) officer to every seven (7) nonofficer: *Provided, finally,* That if the actual number in a rank is less than the number prescribed, the difference may be applied as an increase to the number prescribed in a lower rank.

SEC. 8. *Distribution of Flag Officers.* - The number of Flag Officers herein authorized shall be distributed to the various Flag Officer ranks in accordance with the schedule as hereunder prescribed:

Coast Guard Admiral	1
Coast Guard Vice Admiral	1
Coast Guard Rear Admiral	5
Coast Guard Commodore	15
Total	22

Provided, That the herein prescribed Coast Guard ranks shall be distinct from those prescribed in the Philippine Navy: *Provided, further,* That the total number of Flag Officers prescribed under this section shall in no case be less than the number resulting from the implementation of Section 7 hereof, otherwise the latter shall apply.

The number corresponding to the ranks of Coast Guard Admiral, Coast Guard Vice Admiral, Coast Guard Rear Admiral, and Coast Guard Commodore, as provided for in this section, shall be the maximum: *Provided,* That if the actual number in a rank, except in the case of Coast Guard Admiral and Coast Guard Vice Admiral, is less than the number herein prescribed, the difference may be applied as an increase to the number prescribed in the lower rank: *Provided, finally,* That no officer shall be promoted to the rank of Coast Guard Commodore or higher unless there is an existing vacancy, and the officer is occupying a position in the table of organization that requires the rank of which he is being considered for promotion.

SEC. 9. *Maximum Tenure in Rank.* - The maximum tenure of officers in the ranks of Captain and Flag Officer in the PCG are hereby prescribed as follows:

Rank	Maximum Tenure in Rank
Coast Guard Admiral three	(3) years
Coast Guard Vice Admiral three	(3) years
Coast Guard Rear Admiral three	(3) years
Coast Guard Commodore five	(5) years
Coast Guard Captain seven	(7) years

Unless earlier separated, retired or promoted to the next higher rank or occupying a position calling for the higher rank in the PCG table of organization, Captains and Flag Officers shall be compulsorily retired upon the attainment of the maximum tenure in rank herein prescribed, or upon reaching the age of compulsory retirement whichever comes earlier: *Provided,* That officers already holding these ranks upon the approval of this Act may be allowed one (1) year more of tenure in rank before the maximum tenure provided in this section

shall be applied to them, unless they shall have already reached the compulsory retirement age under existing laws, in which case the compulsory retirement age shall prevail.

SEC. 10. *Maximum Tenure in Position.* - Officers holding the following key positions are hereby limited to a maximum tenure of three (3) years, unless otherwise earlier relieved by competent authority or compulsorily retired under existing laws:

Coast Guard Commandant;
Coast Guard Deputy Commandant; and
Coast Guard District Commander.

Provided, That except for the Commandant, no other officer shall be assigned/designated to the aforementioned key positions or promoted to the rank of Commodore or higher if he has less than one (1) year of active service remaining prior to compulsory retirement.

SEC. 11. *Organization of a PCG Auxiliary (PCGA).* - The PCG shall continue to maintain, supervise, develop and train the PCGA as a civilian volunteer organization under the direct control and supervision of the PCG Commandant. The PCGA shall assist the PCG in the promotion of safety of life and property at sea, the preservation of the marine environment and its resources, the conduct of maritime search and rescue, the maintenance of aids to navigation and such other activities that enhance maritime community relations which include civic action, participation under the National Service Training Program, youth development, recreational safety and other related activities.

SEC. 12. *Appointments.* - Appointments of PCG officers, which shall be in the initial rank of Coast Guard Ensign, shall be made by the Secretary of the DOTC upon the recommendation of the PCG Commandant. The initial appointment ranks of chaplains, dentists, lawyers, medical doctors and veterinarians shall be Coast Guard Lieutenant. No person shall be appointed as an officer of the PCG unless he is a natural born citizen of the Philippines, at least twenty-one (21) years of age at the date of appointment, physically fit and is a baccalaureate degree holder. The appointment of the PCG Commandant and Flag Officers shall be approved by the President upon the recommendation of the Secretary of the DOTC. Appointments of all PCG non-officers shall be made by the PCG Commandant. Appointments of all non-uniformed personnel shall be in accordance with the Civil Service laws, rules and regulations.

SEC. 13. *Promotions.* - The promotion of PCG officers, as submitted by the PCG Officers Selection and Promotion Board, shall be recommended by the PCG Commandant for the approval of the Secretary of the DOTC: *Provided,* That the promotion to the rank of Flag Officers in the PCG shall be submitted by a Board of Senior Officers to the PCG Commandant for the approval of the President upon the recommendation of the Secretary of the DOTC: *Provided, further,* That said officers shall possess all the qualifications and none of the disqualification provided under pertinent laws,

rules and regulations, specifically on the completion of the required schooling, training and minimum time and grade for said ranks.

The PCG Commandant shall approve the promotion of PCG non-officers to the next higher rank based on the recommendation of the PCG Selection and Promotion Board for Non-Officers: *Provided*, That special or meritorious promotion shall be extended to any PCG non-officer for acts of inconspicuous courage or outstanding achievement in the Coast Guard service as determined by the PCG Selection and Promotion Board for Non-Officers. The promotion of non-uniformed employees shall be governed by Civil Service laws, rules and regulations.

SEC. 14. *Salaries and Other Benefits.* - The uniformed personnel of the PCG shall receive the same base pay, longevity pay, hazard pay and other benefits and allowances as are now or hereafter may be authorized for corresponding salary grades and ranks in the Armed Forces of the Philippines (AFP) until such time that a new law is enacted for the purpose. The salaries and allowances of the non-uniformed employees of the PCG shall be in accordance with Civil Service laws, rules and regulations.

SEC. 15. *Active Service.* - For purposes of this Act, the active service of PCG personnel hereof shall refer to services rendered as an officer, non-officer, probationary ensign, or those rendered as a civilian official or employee in the PCG prior to the date of separation or retirement from the PCG: *Provided*, That the term active service shall include confirmed services rendered as a civilian employee in the Philippine government.

SEC. 16. *Disciplinary Action.* - The applicable and pertinent provisions of the AFP Military Justice System shall be adopted in disciplinary cases against PCG officers and nonofficers. The applicable rules, regulations and guidelines promulgated by the Civil Service Commission shall govern cases against PCG non-uniformed employees.

SEC. 17. *Retirement.* - Upon attaining fifty-six (56) years of age or upon accumulation of thirty (30) years of continuous satisfactory active service, whichever comes later, a PCG officer or non-officer shall be compulsorily retired: *Provided*, That said officer or non-officer shall have a minimum of twenty (20) years of active service. The retirement of non-uniformed personnel shall be governed by Civil Service laws, rules and regulations.

SEC. 18. *Retirement Benefits.* - Monthly retirement pay of officers and non-officers shall be fifty percent (50%) of base pay and longevity pay of the next higher grade last held in case of twenty (20) years of active service, increasing by two and one-half percent (2Y2%) for every year of service rendered beyond twenty (20) years to a maximum of ninety percent (90%) for thirty-six (36) years of active service and over. The retirement benefits of non-uniformed personnel shall be

governed by Civil Service/Government Service Insurance System Law.

SEC. 19. *Separation from Service.* - Officers and nonofficers who voluntarily resign or otherwise fail to comply with the standards of competence and proficiency of the PCG, shall be separated from the service under existing laws, rules and regulations. The separation of non-uniformed personnel shall be in accordance with Civil Service laws, rules and regulations.

SEC. 20. *Collection of Revenues.* - The PCG shall collect fees, dues, charges and fines relevant to the exercise of its various functions.

SEC. 21. *Rules and Regulations.* - The Secretary of the DOTC shall issue rules and regulations, determine, fix, and/or prescribe charges, rates, penalties pertinent, as may be necessary, to implement the provisions of this Act, as well as the provision of acts, decrees and orders related to the implementation of the PCG functions.

SEC. 22. *PCG Properties and Lighthouse Reservations.*

- The PCG shall continue to exercise exclusive ownership, possession, control and supervision over all properties transferred to it by virtue of Executive Order No. 475 dated 30 March 1998 and Executive Order No. 477 dated 15 April 1998, such as *inter alia*, vessels, watercrafts, firearms, armaments, munitions, communications and electronic equipment, vehicles, buildings, real estate and lighthouse reservations.

SEC. 23. *Establishment and Expansion of Coast Guard Bases and Facilities.* - In coordination with other appropriate government agencies, the PCG shall develop and enhance its capabilities in the performance of its mandated functions and establish its strategic presence.

SEC. 24. *Appropriations.* - The Secretary of the DOTC shall immediately prepare the necessary guidelines to cover the establishment of the PCG as an attached agency to the DOTC, the initial funding of which shall be charged against the current year's appropriations of the PCG and, thereafter, in the annual General Appropriations Act.

SEC. 25. *Transitory Provisions.* - All previous appointments and promotions of PCG uniformed personnel made prior to the enactment of this Act shall remain valid and subsisting.

SEC. 26. *Separability Clause.* - If for any reason, any provision of this Act is declared unconstitutional or invalid, such parts not affected thereby shall remain in full force and effect.

SEC. 27. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof which are inconsistent with this Act are hereby

repealed, amended or modified accordingly.

SEC. 28. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any two (2) newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of Senate Bill No. 3389 and House Bill No. 5151 was finally passed by the Senate and House of Representatives on December 9, 2009 and December 8, 2009 respectively.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:
February 12, 2010

President of the Philippines

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fourteenth Congress

Third Regular Session

Begun and held in the City of Manila on Monday, the twenty-seventh
day of July, two thousand nine

[REPUBLIC ACT NO. 10054]

AN ACT MANDATING ALL MOTORCYCLE RIDERS TOWEAR
STANDARD PROTECTIVE MOTORCYCLE HELMETS
WHILE DRIVING AND PROVIDING PENALTIES
THEREFOR

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

SECTION1. *Short Title.* - This Act shall be known as
the "Motorcycle Helmet Act of 2009".

SEC. 2. *Declaration of Policy.* - It is hereby declared the
policy of the State to secure and safeguard its citizenry, particularly
the operators or drivers of motorcycles and their passengers, from
the ruinous and extremely injurious effects of fatal or life
threatening accidents and crashes. Towards this end, it shall
pursue a more proactive and preventive approach to secure the
safety of motorists, their passengers and pedestrians at all times
through the mandatory enforcement of the use of standard
protective motorcycle helmet.

SEC. 3. *Mandatory Use of Motorcycle Helmets.* - All
motorcycle riders, including drivers and back riders, shall at all
times wear standard protective motorcycle helmets while driving,
whether long or short drives, in any type of road and highway.

Standard protective motorcycle helmets are appropriate
types of helmets for motorcycle riders that comply with the
specifications issued by the Department of Trade and Industry
(DTI).

The DTI shall issue guidelines, which should include the
specifications regarding standard protective motorcycle helmets.

SEC. 4. *Exemption.* - Drivers of tricycles shall be exempted
from complying with the mandatory wearing of motorcycle helmets
as provided in this Act.

SEC. 5. Provision of Motorcycle Helmets. - A new motorcycle helmet which bears the Philippine Standard (PS) mark or Import Commodity Clearance (ICC) of the Bureau of Product Standards (BPS) and complies with the standards set by the BPS shall be made available by every seller and/or dealer every time a new motorcycle unit is purchased and which the purchaser may buy at his option. Failure to comply with the requirements provided under this section shall constitute a violation of this Act.

SEC. 6. Implementation. - The Department of Transportation and Communications (DOTC), with its attached agency, the Land Transportation Office (LTO), is mandated by this Act to issue guidelines necessary to implement the provisions of this Act.

The DTI, through the BPS, is mandated to utilize the United Nations Economic Commission for Europe (UNECE) Protocols with regard to the standards that will be applicable to the approval or disapproval of motorcycle helmets that will be sold in the Philippines.

The DTI, through the BPS, shall conduct a mandatory testing of all manufactured and imported motorcycle helmets in the Philippines. All manufacturers and importers of standard protective motorcycle helmets are required to secure a PS license or ICC prior to the sale and distribution of their products. The BPS shall issue periodically a list of motorcycle helmet manufacturers and importers and the brands which pass the standards of the BPS to be published in a newspaper of general circulation or in its website.

Upon the effectivity of this Act, only those standard protective motorcycle helmets bearing the PS or ICC mark shall be sold in the market.

SEC. 7. Penalties. - (a) Any person caught not wearing the standard protective motorcycle helmet in violation of this Act shall be punished with a fine of One thousand five hundred pesos (Php1,500.00) for the first offense; Three thousand pesos (Php3,000.00) for the second offense; Five thousand pesos (php5,000.00) for the third offense; and Ten thousand pesos (php10,000.00) plus confiscation of the driver's license for the fourth and succeeding offenses.

(b) Any seller and/or dealer who violates Section 5 of this Act shall be punished with a fine of not less than Ten thousand pesos (php10,000.00) but not more than Twenty thousand pesos (php20,000.00).

(c) Any person who uses, sells and distributes substandard motorcycle helmets or those which do not bear the PS mark or the ICC certificate shall be punished with a fine of not less than Three thousand pesos (php3,000.00) for the first offense; and Five thousand pesos (php5,000.00) for the second offense, without prejudice to other penalties imposed in Republic Act No. 7394 or the "Consumer Act of the Philippines".

(d) Tampering, alteration, forgery and imitation of the

PS mark and the ICC certificates in the helmets shall be punished with a fine of not less than Ten thousand pesos (php10,000.00) but not more than Twenty thousand pesos (php20,000.00) without prejudice to other penalties imposed in Republic Act No. 7394 or the "Consumer Act of the Philippines".

SEC. 8. Nationwide Public Information Campaign. - The LTo, in coordination with the Philippine Information Agency (PIA), the Department of Education (DepED) and private agencies and organizations, shall undertake a nationwide information, education and communication (IEC) campaign for a period of six (6) months for the attainment of the objectives of this Act.

SEC. 9. Separability Clause. - If any provision or part hereof is held invalid or unconstitutional, the remainder of this Act or the provisions not otherwise affected shall remain valid and subsisting.

SEC. 10. Repealing Clause. - All laws, decrees, orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 11. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,

Speaker of the Representatives

President of the Senate

This Act which is a consolidation of House Bill No. 6924 and Senate Bill No. 1863 was finally passed by the House of Representatives and the Senate on November 16, 2009 and December 16, 2009 respectively.

*Secretary of the House
of Representatives*

Secretary of the Senate

Approved:
March 23, 2010

President of the Philippines