

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Thirteenth Congress
First Regular Session

HOUSE BILL NO. 3857



Introduced by Honorable BIENVENIDO M. ABANTE, JR.

EXPLANATORY NOTE

The Philippine Amusement and Gaming Corporation (PAGCOR) while carrying the term **gaming** is actually a **gambling entity** under the **control, administration and supervision** of the government. Yet, it has such vast power and wide benefits and exemptions not enjoyed by other government controlled corporations.¹ This, to say the least, is **unjust** and **unfair**, if not an **insult**, to the different Branches, Agencies, Departments, and Instrumentalities of the government whose primary function is **public service** and whose main concern is the **welfare of the people**, and the building of a **just and humane society**. Likewise, while PAGCOR is a gambling entity, all positions therein are exempt from the provisions of the Civil Service Law, rules and regulations,² while the rest of the government employees are subject to the Civil Service Law.

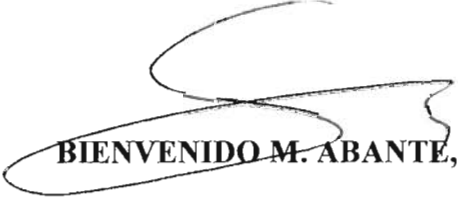
On the other hand, while the government is hell bent on legislating for new and additional taxes at the expense of our countrymen especially the poor, the **tax exemption** of PAGCOR **extends** to corporations, associations, agencies, and individuals with whom it, or its operator has contractual relations.³

¹ Secs. 3,7 and 13, P.D. No. 1869

² Sec. 16, P.D. No. 1869

Finally, PAGCOR is authorized to operate and maintain gambling casinos, lotteries and other games of chance in any place, whether on land or sea, within the jurisdiction of our country, ⁴ where our countrymen, save certain exemptions, are allowed to play. Let us face the reality that gambling breeds corruption and deceit and can never improve the quality of life of our countrymen, and on the contrary, it only erodes the moral character, personal discipline and social-well being of our people which the State has declared to promote and protect.⁵ On this basis alone, PAGCOR should be limited in its place of operations if we aspire to instill honesty, discipline, hard work and thriftiness amongst our people.

It is therefore the aim of this Bill to amend P. D. 1869 to give justice to the different branches, agencies, and instrumentalities of the government, government employees, and to our people, hence, the passage of this bill is earnestly requested.



BIENVENIDO M. ABANTE, JR.

⁴ Secs. 10 and 14 (1), P.D. NO. 1869

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AN ACT
AMENDING PRESIDENTIAL DECREE NO. 1869 WHICH CONSOLIDATED
AND AMENDED PRESIDENTIAL DECREES NOS. 1067-A, 1067-B, 1067-C, 1399
AND 1632, RELATIVE TO THE FRANCHISE AND POWERS OF THE
PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR), AS
AMENDED BY EXECUTIVE ORDER NO. 260, SERIES OF 1987.

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

Section. 1. Section 3, Title II, of Presidential Decree No. 1869 is hereby amended adding as last paragraph thereof as follows:

“Sec 3. Corporate Powers- the Corporation shall have the following powers and functions, among others:

a) x x x	x x x
b) x x x	x x x
c) x x x	x x x
d) x x x	x x x
e) x x x	x x x
f) x x x	x x x
g) x x x	x x x
h) x x x	x x x
i) x x x	x x x
j) x x x	x x x
k) x x x	x x x
l) x x x	x x x

NOTHING IN THIS SECTION SHALL AUTHORIZE THE CORPORATION TO SPONSOR OR OPERATE ANY NUMBERS GAME THAT CATER TO THE POOR.”

SEC. 2. Section 8, Title III of the same Decree is hereby amended to read as follows:

“SEC. 8. **REGISTRATION-** x x x x.. The Corporation shall issue the corresponding certification of affiliation upon compliance by the registering entity with the promulgated rules and regulations thereon: Provided, that NO CERTIFICATE OF AFFILIATION SHALL BE ISSUED BY THE CORPORATION TO ANY PERSON, NATURAL OR JURIDICAL, ENGAGED IN NUMBERS GAME THAT CATER TO THE POOR.”

SEC. 3 SECTION 10, Title IV of the same Decree is hereby amended to read as follows:

“SEC. 10. **NATURE AND TERM OF FRANCHISE-** Subject to the terms and conditions established in this Decree, the Corporation is hereby granted x x x the rights, privilege and authority to operate and maintain gambling casinos ONLY WITHIN THE METRO MANILA AREA AND CLARK FIELD IN THE PROVINCE OF PAMPANGA, clubs and other recreation or amusement places x x x.”

SEC. 4. SECTION 11, Title IV of the same Decree as amended by Executive Order No. 260, series of 1987, is hereby further amended to read as follows:

“ SEC. 11. **SCOPE OF FRANCHISE-** x x x

(1) Enter into operating and/or management contracts with any registered and accredited company x x x: Provided, That such management and/or operator companies or individuals whose services may be engaged by the corporation shall either retain as service fee an amount the aggregate of which shall not exceed FIVE (5%) percent of the gross income, x x x”.

(2) x x x

(3) x x x

(4) x x x

(5) x x x

SEC. 5. SECTION 13, sub-paragraph (2)-(b) of the same decree is hereby amended to read as follows:

“SEC. 13. **Exemptions.**

• (1) x x x x x x

(2) **Income and other taxes-** (a) x x x

x x x x x x

(b) Others: The exemptions herein granted for earnings derived from the operations conducted under the franchise specifically from the payment of any tax, income or otherwise as well as any form of charges, fees, or levies, shall NOT inure to the benefit of NEITHER extended to corporation(s), association(s), agency(ies), or individual(s) with whom the Corporation or operator has any contractual relationship in connection with the operations of casino(s) x x x.

The fee or remuneration of foreign entertainers contracted by the Corporation or operator in pursuance of this provision shall be SUBJECT to APPROPRIATE tax.”

SEC. 6. SECTION 14, Title IV of the same Decree is hereby amended to read as follows:

SEC. 14. Other Conditions-

(1) **Place-** The Corporation shall conduct the gambling activities x x x within the territorial jurisdiction of the Republic of the Philippines EXCEPT CASINOS WHICH SHALL BE CONDUCTED ONLY WITHIN THE METRO MANILA AREA AND CLARK FIELD IN THE PROVINCE OF PAMPANGA. x x x

(2) **Time-**

(3) **Persons allowed to play-**

- (a) x x x
- (b) x x x
- (c) x x x

(4) **Persons not allowed to play-**

ALL FILIPINO CITIZENS, WHETHER PRIVATE PERSON OR GOVERNMENT OFFICIAL OR EMPLOYEE, ARE NOT ALLOWED TO PLAY.

(5) **Operation of related service**

x x x

SEC. 7. SECTION 15, Title V of the same Decree is hereby amended to read as follows:

“SEC. 15. Auditor- The Commission on Audit or any government agency that the Office of the president may designate shall appoint a representative who shall be the Auditor of the Corporation x x x. x x x. the AUDIT SHALL COVER THE WHOLE GROSS EARNINGS AND OTHER FUNDS OF THE CORPORATION, ALL TAXES, DUTIES, CHARGES, FEES OR LEVIES IMPOSED UPON IT, ALL ITS

PURCHASES AND CONTRACTS, AND ALL EXPENSES
INCURRED AND PAYMENTS OR DISBURSEMENTS MADE OF
WHATEVER NATURE AND KIND.”

**SEC. 8. SECTION 16, Title VI of the same Decree is hereby amended to read
as follows:**

“SEC. 16. **POSITIONS**- All positions in the Corporation, whether
technical, administrative, professional or managerial ARE SUBJECT to
the provisions of the Civil Service Law, rules and regulations AND THE
SALARY STANDARDIZATION LAW.”

SEC. 9. **Repealing Clause**- all laws, decrees, executive orders, administrative
orders, rules or regulations, inconsistent herewith, are hereby repealed, amended, or
modified accordingly.

SEC. 10. **Effectivity**- This law shall take effect fifteen (15) days after its
publication in at least two (2) newspaper of general circulation.

Approved.