

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

SECOND REGULAR SESSION

COMMITTEE REPORT NO. 1656

Submitted by the Committee on Legislative Franchises on

12 JAN 2012

Re: House Bill No. 5682, prepared by the Committee

Recommending its approval, in substitution with House Bills 5337 and 5359

Sponsors: Representatives Marcelino "Marcy" R. Teodoro, Giorgidi B. Aggabao, Arturo B. Robes, Jeci A. Lapus, Pedro P. Romualdo, Rodolfo W. Antonino, George P. Arnaiz, Carmelo F. Lazatin, Eleandro Jesus F. Madrona, Maria Milagros "Mitos" Magsaysay, Romero Federico S. Quimbo, Maximo B. Rodriguez and Andres D. Salvacion, Jr.

MR. SPEAKER:

The Committee on Legislative Franchises to which were referred House Bill No. 5337, introduced by Reps. Marcelino R. Teodoro, Giorgidi B. Aggabao, Arturo B. Robes and Jeci A. Lapus entitled:

"AN ACT AMENDING REPUBLIC ACT 9487, OTHERWISE KNOWN AS THE
PAGCOR CHARTER, AS AMENDED"

and House Bill No. 5359, introduced by Rep. Pedro P. Romualdo, entitled:

"AN ACT PROHIBITING THE OWNERSHIP OR OPERATION OF GAMING
CASINOS, GAMING CLUBS AND OTHER SIMILAR RECREATION OR
AMUSEMENT PLACES EXCEPT BY THE PHILIPPINE AMUSEMENT AND
GAMING CORPORATION AND, FOR THIS PURPOSE, FURTHER
AMENDING PRESIDENTIAL DECREE NO. 1869, AS AMENDED"

has considered the same and recommends that the attached House Bill No.
5682 entitled:

"AN ACT AMENDING PHILIPPINE AMUSEMENT AND GAMING CORPORATION CHARTER UNDER P.D 1869, AS AMENDED BY REPUBLIC ACT 9487, AND FOR OTHER PURPOSES"

be approved in substitution of House Bill No. 5337 and House Bill No. 5359 and with Reps. Giorgidi B. Aggabao, Arturo B. Robes, Jeci A. Lapus, Pedro P. Romualdo, Rodolfo W. Antonino, George P. Arnaiz, Carmelo F. Lazatin, Eleandro Jesus F. Madrona, Maria Milagros "Mitos" Magsaysay, Romero Federico S. Quimbo, Maximo B. Rodriguez and Andres D. Salvacion, Jr. and Marcelino R. Teodoro as authors thereof.

Respectfully submitted:



MARCELINO "MARCY" R. TEODORO
Chairman
Committee on Legislative Franchises

THE HONORABLE THE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

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Committee Report

Re: House Bill Nos. 5337 and 5359, Amendments to the Charter of Pagcor.

Authored by: Reps. Marcelino "Marcy" R. Teodoro, Giorgidi B. Aggabao, Arturo B. Robes, Jeci A. Lapus and Pedro P. Romualdo

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

FIFTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 5682

Introduced by Reps. Teodoro, Aggabao, Robes, Lapus and Romualdo

AN ACT

FURTHER AMENDING PRESIDENTIAL DECREE (PD) 1869 AS AMENDED BY
REPUBLIC ACT 9487, OTHERWISE KNOWN AS THE CHARTER OF THE
PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR),
AND FOR OTHER PURPOSES

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

SECTION 1. Section 3 of Presidential Decree No. 1869, otherwise known as
the PAGCOR Charter as amended by R.A. 9487 is hereby further amended to read,
as follows:

"Section 3. *Corporate Powers* -- The Corporation shall have the following
powers and functions, among others:

- a. to prescribe its By-laws;
- b. to adopt, alter and use a corporate seal;
- c. to own real or personal property, and to sell, alienate,
mortgage, encumber or otherwise dispose of the same;
- d. to make contracts, and to sue and be sued;
- e. to employ such officers and personnel as may be
necessary or proper to carry on its business;
- f. to acquire, lease or maintain, whether on land, water or
air, personal property and such other equipment and

- 1 facilities as may be necessary or proper to carry out its
2 purposes;
- 3 g. to import, buy, sell, or otherwise trade or deal in
4 merchandise, goods, wares and objects of all kinds and
5 descriptions that may be necessary or proper to carry out
6 the purposes for which it has been created;
- 7 h. to enter into, make, conclude, perform, and carry out
8 contracts of every kind and nature and for any lawful
9 purpose which are necessary, appropriate, proper or
10 incidental to any business or purpose of PAGCOR
11 [including but not limited to investment agreements, joint
12 venture agreements, managements agreements, agency
13 agreements, whether as principal or as agent, manpower
14 supply agreements, or any other similar agreements or
15 arrangements with any person, firm, association or
16 corporation] WITH PRIOR NOTIFICATION AND
17 APPROVAL OF CONGRESS.
- 18 i. to borrow money from local or foreign sources as may be
19 necessary or proper for its operations;
- 20 j. to invest its funds as the Corporation may deem
21 necessary or proper in any activity related to its principal
22 operation, including in any bonds or securities issued or
23 guaranteed by the Government of the Philippines
- 24 k. to perform such other powers and functions as may be
25 provided by law; and
- 26 l. to do anything and everything necessary, proper,
27 desirable, convenient or suitable for the accomplishment
28 of any of the purpose or the attainment of any of the

1 objects or the furtherance of any of the powers herein
2 stated, and to do every other act or thing incidental,
3 pertaining to, growing out of, or connected with, the
4 aforesaid purposes, objects or powers, or any part
5 thereof.”

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

9
10 “Section 8. *Registration* - All persons primarily engaged in
11 gambling BUSINESS together with [their] allied business, with contract
12 or franchise to operate from the Corporation shall APPLY FOR
13 LEGISLATIVE FRANCHISE BEFORE THEY register and affiliate their
14 business with the Corporation. The Corporation shall issue the
15 corresponding certificate of affiliation upon compliance by the
16 registering entity with the promulgated rules and regulation thereon,

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18 SECTION 3. Title IV, Section 10 of the same Decree as amended, is
19 hereby amended to read on as follows:

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21 “Section 10. *Nature and Term of Franchise* - Subject to the
22 terms and conditions established in this Decree, the PAGCOR is
23 hereby granted from the expiration of its original term on July 11, 2008,
24 another period of twenty-five (25) years, [renewable for another
25 twenty-five (25) years] the rights, privileges and authority to
26 ESTABLISH, operate, REGULATE and ISSUE license TO OPERATE
27 gambling casinos, gaming clubs and other similar recreation or
28 amusement places, gaming pools, i.e. basketball, football, bingo, [etc.]
29 POKER CLUBS, E-GAMES, AND VIP CLUBS except jai-alai, whether
30 on land or sea, within the territorial jurisdiction of the Republic of the
31 Philippines: *PROVIDED, THAT PRIOR TO THE ISSUANCE BY*

1 PAGCOR OF A LICENSE TO OPERATE GAMBLING CASINOS, A
2 FRANCHISE SHALL BE OBTAINED FROM CONGRESS. *Provided*
3 *FURTHER*, That the Corporation AND/OR LICENSEE shall obtain the
4 consent of the local government unit that has territorial jurisdiction over
5 the area chosen as the site for any of its operations.

6 The operation of slot machines and other gambling
7 paraphernalia and equipment, shall not be allowed in establishments
8 open or accessible to the general public unless the site of these
9 operations are three-star hotels and resorts accredited by the
10 Department of Tourism authorized by the corporation and by the local
11 government unit concerned.

12 The authority and power of the PAGCOR to [authorize]
13 ESTABLISH, OPERATE, REGULATE and ISSUE A license TO
14 OPERATE games of chance, games of cards, and games of numbers
15 shall not extend to: (1) games of chance authorized, licensed and
16 regulated or to be authorized, licensed and regulated by, in, and under
17 existing franchises or other regulatory bodies; (2) games of chance,
18 games of cards and games of numbers authorized, licensed, regulated
19 by, in, and under special laws such as Republic Act No. 7922; and (3)
20 games of chance, games of cards and games of numbers like
21 cockfighting, authorized, licensed and regulated by local government
22 units. The conduct of such games of chance, games of cards and
23 games of numbers covered by existing franchises, regulatory bodies or
24 special laws, to the extent of the jurisdiction and powers granted under
25 such franchises and special laws, shall be outside the licensing
26 authority and regulatory powers of the PAGCOR."
27

28 SECTION 4. There shall be incorporated after Title VI, Section 16 of
29 Presidential Decree No. 1869, as amended, a new provision to read as follows:

1 SECTION 17. RESPECT FOR EXISTING FRANCHISES, LICENSES AND
2 CONTRACTS. – ALL FRANCHISES, LICENSES, CONTRACTS AND OTHER
3 SIMILAR ARRANGEMENTS GRANTED BY, OR ENTERED INTO, WITH PRIVATE
4 INDIVIDUALS OR ENTITIES FOR THE ESTABLISHMENT, OPERATION AND
5 MAINTENANCE OF GAMBLING CASINOS, GAMING CLUBS AND OTHER
6 SIMILAR RECREATION OR AMUSEMENT PLACES DEVOTED TO GAMBLING
7 AND THE PLAYING OF GAMES OF CHANCE BEFORE THE EFFECTIVITY OF
8 THIS ACT SHALL BE RESPECTED AND SHALL REMAIN IN FORCE UNTIL THEIR
9 EXPIRATION. *PROVIDED*, THAT THESE SHALL NOT EXCEED THE FRANCHISE
10 TERM OF PAGCOR. THEREFATER, SUCH LICENSES, CONTRACTS AND
11 OTHER SIMILAR ARRANGEMENTS SHALL NOT BE RENEWED OR EXTENDED
12 UNLESS A FRANCHISE IS GRANTED TO THEM BY CONGRESS. *PROVIDED*
13 *FURTHER*, THAT WITHIN THREE YEARS FROM THE EFFECTIVITY OF THIS
14 ACT, LICENSE HOLDERS SHALL SECURE A LEGISLATIVE FRANCHISE, NON-
15 COMPLIANCE WITH WHICH SHALL RESULT IN THE AUTOMATIC
16 CANCELLATION OF THE EXISTING LICENSES; *PROVIDED FINALLY*, THAT
17 CONGRESS SHALL HAVE THE AUTHORITY TO ALTER, AMEND OR REPEAL
18 ANY FRANCHISE, CONTRACT OR SIMILAR ARRANGEMENT WHEN THE
19 COMMON GOOD SO REQUIRES.

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21 SECTION 5. Title VII, Section 17 and Title VIII, Section 18, 19 and 20 of
22 Presidential Decree No. 1869, as amended, are hereby renumbered as Title VIII,
23 Section 18, and Title IX, Sections 19, 20 and 21, respectively."

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25 SECTION 6. *Separability Clause*. – If any provision of this Act is declared
26 invalid or unconstitutional, the other provisions not affected thereby shall continue to
27 be in full force and effect.

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29 SECTION 7. *Repealing Clause*. – All laws, decrees, executive orders,
30 proclamations rules and regulations and other issuance or parts thereof which are

1 inconsistent with the provisions of this Act are hereby repealed or modified
2 accordingly.

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4 SECTION 8. *Effectivity Clause* - This Act shall take effect fifteen (15) days
5 after its publication in at least two (2) newspapers of general circulation.

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SECTION 2. The VII, Section 17 and the VIII, Section 18, 19 and 20 of
the Act, as amended, are hereby repealed as the VII,
Section 18, and the IX, Section 19, 20 and 21, respectively.

SECTION 3. *Separability Clause* - If any provision of this Act is declared
invalid or unconstitutional, the other provisions not affected thereby shall continue to
be in full force and effect.

SECTION 4. *Repealing Clause* - All laws, decrees, executive orders,
proclamations, rules and regulations and other issuances of this office which are

FACT SHEET

House Bill No. 5682

In substitution to House Bill No. 5337 and House Bill No. 5359

(As approved by the Committee on November 22, 2011 and November 29, 2011 respectively)

AN ACT AMENDING REPUBLIC ACT NO. 9487, OTHERWISE KNOWN AS THE PAGCOR CHARTER, AS AMENDED

AN ACT PROHIBITING THE OWNERSHIP OR OPERATION OF GAMING CASINOS, GAMING CLUBS AND OTHER SIMILAR RECREATION OR AMUSEMENT PLACES EXCEPT BY THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION AND, FOR THIS PURPOSE, FURTHER AMENDING PRESIDENTIAL DECREE NO. 1869, AS AMENDED

Introduced by: HONS. PEDRO P. ROMUALDO, MARCELINO R. TEODORO, GIORGIDI B. AGGABAO, ARTURO B. ROBES AND JECI A. LAPUS

*Committee Referral: LEGISLATIVE FRANCHISES
Committee Chairperson: HON. MARCELINO R. TEODORO*

OBJECTIVES:

- To revert to Congress the authority of granting legislative franchise to operators of games of chance, games of cards and game of numbers and;
- To prohibit the PAGCOR from issuing casino gaming and other similar licenses to operate without the legislative franchises.

KEY PROVISIONS:

- Grants PAGCOR to maintain, operate and regulate the operation of gambling casinos, gaming clubs, internet/online gaming and other similar gambling enterprises;
- Requires the licensee to secure from Congress a legislative franchise to operate gambling casinos, gaming clubs and other similar gambling enterprise prior to issuance of a PAGCOR license to operate the same;
- Requires PAGCOR to inform Congress of any modification on ownership and capitalization and structure of its affiliate entities and ;
- Mandates licensees to obtain legislative franchise within three (3) years from the effectivity of the Act, non-compliance of which shall be subject to cancellation of such license issued by PAGCOR.

RELATED LAW:

- Presidential Decree No. 1869 – "Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C 1399 and 1632, relative to the franchise and powers of the Philippine Amusement and Gaming Corporation"
- Republic Act No. 9487 – "AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1869, OTHERWISE KNOWN AS PAGCOR CHARTER"