

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

House Bill No. 505



Introduced by **Hon. Rodolfo G. Biazon**

EXPLANATORY NOTE

Recent inquiries into the activities of government financial institutions disclosed that some of its officials, in utter disregard of the public trust imposed upon them, have conspired and caballed to spend, dispose and utilize the funds of their institutions for their own personal ends and advancement or for other nefarious activities which contravene and violate the law. This situation becomes even more serious when these same officials perform such unlawful acts at the behest and directive of a higher authority to be used for some illegal purpose/s.

In the current limelight are some government-owned and controlled corporations and revenue generating agencies whose officials have been perceived to have applied the funds they have raised for activities other than that provided in the mandate of the corporations to the detriment of the people as it affects the capability of government to provide social and welfare services for them and enhance economic development. Funds are either inappropriately and scandalously misused for the benefit of these officials and/or for their patrons and friends.

The Philippine Games and Amusement Corporation (PAGCOR) is one of these. The revelations unearthed in several hearings and inquiries disclosed a malicious and rampant misapplication and utilization of its earnings to the personal benefits of some of its officials and their cronies in direct violation of accounting and auditing laws, rules and regulations. This could only have been

possible because of the immediate availability of its earnings for disposition by its officials.

There is, therefore, a need to provide some form control over the earnings of PAGCOR to prevent any discretionary abuses by its officials thereby ensuring its proper utilization. Hence, the need for this proposed bill to amend the PAGCOR law.

Due to the foregoing, early passage of this bill is earnestly sought.



RODOLFO G. BIAZON

Representative
Lone District, Muntinlupa City

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AN ACT
FURTHER AMENDING PRESIDENTIAL DECREE NO. 1869, AS AMENDED,
OTHERWISE KNOWN AS THE PAGCOR CHARTER, AND FOR OTHER
PURPOSES

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

SECTION ONE. Section 12 of Presidential Decree No. 1869, is hereby amended to read as follows:

“Section 12. Special Condition of Franchise. – After deducting five (5%) percent as Franchise Tax, the Fifty (50%) percent share of the Government in the aggregate gross earnings of the Corporation from this Franchise shall be immediately set aside and allocated to fund the following infrastructure and socio-civil projects within the Metropolitan Manila Area:

- (a) Flood Control
- (b) Sewerage and Sewage
- (c) Nutritional Control
- (d) Population Control
- (e) Tulungan ng Bayan Centers
- (f) Beautification
- (g) Kilusang Kabuhayan at Kaunlaran (KKK) projects; provided, that should the aggregate gross earning be less than P150,000,000.00, the amount to be allocated to fund the above-mentioned project shall be equivalent to sixty (60%) percent of the aggregate gross earning.

In addition to the priority infrastructure and socio-civic projects with the Metropolitan Manila specifically enumerated above, the share of the Government in the aggregate gross earnings derived by the Corporate from this Franchise may also be appropriated and allocated to fund and finance infrastructure and/or socio-civic projects throughout the Philippines as may be directed and authorized by the Office of the President of the Philippines[.]; **PROVIDED, THAT SAID GROSS EARNINGS SHALL BE REMITTED TO THE BUREAU OF TREASURY WHERE A SPECIAL TRUST FUND SHALL BE CREATED FOR THE PAGCOR WHICH SHALL BE UTILIZED ONLY TO SUPPORT ITS MANDATED ACTIVITIES AS ENUMERATED HEREIN, UNDER SUCH POLICIES AND RULES AND REGULATIONS THE DEPARTMENT OF THE BUDGET AND MANAGEMENT MAY PROMULGATE."**

Sec. 2. *Repealing Clause.* – All laws, executive orders, rules and regulations inconsistent with or contrary to this Act, are hereby deemed accordingly repealed or amended.

Sec. 3. *Separability Clause.* – If, for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.

Sec. 4. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days from its publication in at least two (2) newspapers of national circulation.

Approved,