

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

SIXTEENTH CONGRESS  
FIRST REGULAR SESSION

House Bill No. 566



Introduced by Honorable Amado S. Bagatsing

### EXPLANATORY NOTE

Presidential Decree No. 1869 which consolidated Presidential Decree Nos. 1067-A, 1067-C, 1399 and 1632, relative to the franchise and powers of the Philippine Amusement and Gaming Corporation (PAGCOR), was enacted on July 11, 1983 to enable the then Marcos Government to regulate and centralize thru an appropriate institution all games of chance authorized by existing franchise or permitted by law.

In this same decree, PAGCOR was given greater flexibility in its operation by limiting governmental audit only to the determination of the five percent (5%) franchise tax and the government's share of fifty percent (50%).

When President Cory Aquino took over the reins of government in 1986, PAGCOR was placed under full audit by the Commission on Audit through COA Resolution 86-13, which declared Section 15 of PD 1869 relative to the franchise and powers of PAGCOR, to be without force and effect insofar as the audit thereof is concerned.

This measure is not questioning whether COA is performing its audit function of PAGCOR but rather there is need to amend the law to conform with the Constitution. The COA circular cannot amend the existing law, which is PD 1869. If the proper amendment to the law is not done the Supreme Court may declare the law unconstitutional.

This bill is a refiled bill of House Bill No. 3536 entitled "An Act Amending Presidential Decree No. 1869, As Amended, 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 (PAGCOR), Subjecting PAGCOR To The Audit Jurisdiction Of The Commission On Audit", authored by the undersigned and Representative Hermilando I. Mandanas during the 15<sup>th</sup> Congress.

It is therefore urgently requested that this bill be approved by this Chamber.

AMADO S. BAGATSING  
Representative  
5<sup>th</sup> District, Manila

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**AN ACT**  
**AMENDING PRESIDENTIAL DECREE NO. 1869, AS AMENDED,**  
**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 (PAGCOR),**  
**SUBJECTING PAGCOR TO THE AUDIT JURISDICTION OF THE COMMISSION**  
**ON AUDIT**

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

1       **SECTION 1.** Section 15 of Presidential Decree No. 1869 is hereby amended to read  
2 as follows:

3               "Section 15. Auditor – The Commission on Audit [ or any government agency  
4 that the office of the President may designate ] shall appoint a representative who shall be the  
5 Auditor of the Corporation and such personnel as may be necessary to assist said  
6 representative in the performance of his duties. The salaries of the Auditor or representative  
7 and his staff shall be fixed by the Chairman of the Commission on Audit. [ or designated  
8 government agency, with the advice of the Board, and said salaries and other expenses shall  
9 be paid by the Corporation. The funds of the Corporation to be covered by the audit shall be  
10 limited to the 5% franchise tax and the 50% of the gross earnings pertaining to the  
11 government as its share . ] **FUNDS AND TRANSACTIONS, INCLUDING REVENUES,**  
12 **INCOME AND EXPENDITURES, OF THE CORPORATION, SHALL BE AUDITED**  
13 **PURSUANT TO EXISTING LAWS AND REGULATIONS."**

14       **SEC. 2.** All laws, decrees, executive orders, instructions, rules and regulations or  
15 parts thereof inconsistent with the provisions of this Act are hereby repealed or modified  
16 accordingly.

1        **SEC. 3.** This Act shall take effect thirty (30) days after its approval and after its  
2 publication in the *Official Gazette* or in two (2) national newspapers of general circulation.

3        Approved,