

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1508



INTRODUCED BY: HON. MARCELINO "MARCY" R. TEODORO

EXPLANATORY NOTE

Republic Act No. 9487, approved in 2007, has extended PAGCOR's franchise for another twenty-five (25) years and granted PAGCOR the authority to operate and license gambling casinos, gaming clubs, and other similar recreation or amusement places and gaming pools. Consequently, the law delegated more powers to PAGCOR compared to its original mandate – that of operating and maintaining casinos.

Since then, PAGCOR has issued a number of licenses to various companies to operate casinos and gaming clubs in different parts of the country. The procedures of licensing being implemented by the agency were not transparent including the laying down of the terms of reference (TOR) for each licensee in the past administration. Because of the grant of the delegated authority in licensing, the mandates of Congress in terms franchising relatively diminished. A consequence also is the extension of the franchise of PAGCOR to its affiliates and licensees.

Clearly, with the given additional mandate, PAGCOR has encroached with Congressional mandates as provided by the 1987 Constitution. This bill therefore seeks to rectify the situation and proposes to revoke the authority of PAGCOR to license casino and gaming club operators. In addition, it also seeks to give back to Congress its supervisory oversight with PAGCOR by mandating that the contracts entered by PAGCOR, in whatever form, will be subject to the approval of Congress.

The expeditious approval of this amendatory bill to the PAGCOR Charter is earnestly sought.

A handwritten signature in black ink, appearing to read "Marcelino Teodoro". The signature is fluid and cursive, with a long horizontal stroke at the end.

MARCELINO "MARCY" R. TEODORO
1st District, Marikina City

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HOUSE BILL NO. 1508

INTRODUCED BY REP. MARCELINO "MARCY" R. TEODORO

**AN ACT FURTHER AMENDING PRESIDENTIAL DECREE NO. 1869, AS AMENDED BY
REPUBLIC ACT NO. 9487, 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 1. Section 3 of Presidential Decree No. 1869, as amended by Republic Act No. 9487, otherwise known as the PAGCOR Charter, is hereby further amended to read as follows:

"SEC. 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, 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 facilities as may be necessary or proper to carry out its purposes;

"(g) to import, buy, sell, or otherwise trade or deal in merchandise, goods, wares and objects of all kinds and descriptions that may be necessary or proper to carry out the purposes for which it has been created;

"(h) to enter into, make, conclude, perform, and carry out contracts of every kind and nature and for any lawful purpose which are necessary, appropriate, proper or incidental to any business or purpose of the PAGCOR [, including but not limited to investment agreements, joint venture agreements, management agreements, agency agreements, whether as principal or as an agent, manpower supply agreements, or any other similar agreements or arrangements with any person, firm, association or corporation.] **WITH PRIOR NOTIFICATION AND APPROVAL OF CONGRESS;**

"(i) to borrow money from local or foreign sources as may be necessary or proper for its operations;

“(j) to invest its funds as the Corporation may deem necessary or proper in any activity related to its principal operation, including in any bonds or securities issued or guaranteed by the Government of the Philippines;

“(k) to perform such other powers and functions as may be provided by law; and

“(l) to do anything and everything necessary, proper, desirable, convenient or suitable for the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers herein stated, either alone or in association with other corporations, firms or individuals, and to do every other act or thing incidental, pertaining to, growing out of, or connected with, the aforesaid purposes, objects or powers, or any part thereof.”

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

“SEC. 8. *Registration.* – All persons primarily engaged in gambling **BUSINESS**, together with [their] allied business, with contract or franchise **TO OPERATE** from the Corporation, shall **APPLY FOR LEGISLATIVE FRANCHISE BEFORE THEY** register and affiliate their businesses with the Corporation. The Corporation shall issue the corresponding certificates of affiliation upon compliance by the registering entity with the promulgated rules and regulations thereon.”

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

“SEC. 10. *Nature and Term of Franchise.* – Subject to the terms and conditions established in this Decree, the [Corporation] **PAGCOR** is hereby granted from the expiration of its original term on July 11, 2008, another period of twenty-five (25) years, [renewable for another twenty-five (25) years,] the rights, privileges and authority to **ESTABLISH**, operate, **REGULATE** and **ISSUE** license **TO OPERATE** gambling casinos, gaming clubs and other similar recreation or amusement places, gaming pools, i.e. basketball, football, bingo, [etc.] **POKER CLUBS, E-GAMES, AND VIP CLUBS** except jai-alai, whether on land or sea, within the territorial jurisdiction of the Republic of the Philippines: **PROVIDED, THAT PRIOR TO THE ISSUANCE BY PAGCOR OF A LICENSE TO OPERATE GAMBLING CASINOS, A FRANCHISE SHALL BE OBTAINED FROM CONGRESS:** *Provided, FURTHER,* That the corporation **AND/OR LICENSEE** shall obtain the consent of the local government unit that has territorial jurisdiction over the area chosen as the site for any of its operations.

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

“The authority and power of the PAGCOR to [authorize, license and regulate] **ESTABLISH, OPERATE, REGULATE AND ISSUE A LICENSE TO OPERATE** games of chance, games of cards and games of numbers shall not extend to: (1) games of chance authorized, licensed and regulated or to be authorized, licensed and regulated by, in, and under existing franchises or other regulatory bodies; (2) games of chance, games of cards and games of numbers authorized, licensed, regulated by, in, and under special laws such as Republic Act No. 7922; and (3) games of chance, games of cards and games of numbers like cockfighting, authorized, licensed and regulated by local government units. The conduct of such games of chance, games of cards and games of numbers covered by existing franchises, regulatory bodies or special laws, to the extent of the jurisdiction and powers granted under such franchises and special laws, shall be outside the licensing authority and regulatory powers of the PAGCOR.”

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

“SEC. 17. RESPECT FOR EXISTING FRANCHISES, LICENSES AND CONTRACTS. – ALL FRANCHISES, LICENSES, CONTRACTS AND OTHER SIMILAR ARRANGEMENTS GRANTED BY, OR ENTERED INTO, WITH PRIVATE INDIVIDUALS OR ENTITIES FOR THE ESTABLISHMENT, OPERATION AND MAINTENANCE OF GAMBLING CASINOS, GAMING CLUBS AND OTHER SIMILAR RECREATION OR AMUSEMENT PLACES DEVOTED TO GAMBLING AND THE PLAYING OF GAMES OF CHANCE BEFORE THE EFFECTIVITY OF THIS ACT SHALL BE RESPECTED AND SHALL REMAIN IN FORCE UNTIL THEIR EXPIRATION: PROVIDED, THAT THESE SHALL NOT EXCEED THE FRANCHISE TERM OF THE PAGCOR. THEREAFTER, SUCH LICENSES, CONTRACTS AND OTHER SIMILAR ARRANGEMENTS SHALL NOT BE RENEWED OR EXTENDED UNLESS A FRANCHISE IS GRANTED TO THEM BY CONGRESS: PROVIDED, FURTHER, THAT FROM THE EFFECTIVITY OF THIS ACT, ALL CASINO LICENSE APPLICANTS SHALL SECURE A LEGISLATIVE FRANCHISE BEFORE ANY LICENSE TO OPERATE CAN BE GRANTED TO THEM: PROVIDED, FINALLY, THAT CONGRESS SHALL HAVE THE AUTHORITY TO ALTER, AMEND OR REPEAL ANY FRANCHISE, CONTRACT OR SIMILAR ARRANGEMENT WHEN THE COMMON GOOD SO REQUIRES.”

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

SEC. 6. *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.

SEC. 7. *Repealing Clause.* – All laws, decrees, executive orders, proclamations, rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

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

Approved,