

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

SIXTEENTH CONGRESS

First Regular Session

**HOUSE BILL NO. 2743**



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**INTRODUCED BY REPRESENTATIVE XAVIER JESUS "XJ" D. ROMUALDO**

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#### **EXPLANATORY NOTE**

Several bills were filed in the 15<sup>th</sup> Congress seeking to amend Presidential Decree No. 1869, as amended, commonly referred to as the charter of the Philippine Amusement and Gaming Corporation (PAGCOR). These bills, in the main, sought to remove from the PAGCOR the authority to grant franchises and licenses for the establishment and operation of gaming enterprises. Consequently, persons who then wish to engage in such an enterprise must first obtain a franchise from Congress. One of these bills was House Bill (HB) No. 5359 filed by the late Representative Pedro P. Romualdo. The aforementioned bills were deliberated upon by the Committee on Legislative Franchises, which prepared and presented for the consideration of the House of Representatives a substitute bill, HB No. 5682. This bill was approved on third reading on 5 March 2012 and was transmitted to and received by the Senate on 8 March 2012. Unfortunately, the Senate failed to take action on the matter.

This bill was patterned after and fashioned from HB No. 5682. Under this proposed measure, the PAGCOR may issue licenses to operate gaming establishments; however, a prospective gaming operator must first obtain a franchise from Congress. Unless and until the prospective gaming operator is granted a legislative franchise, the PAGCOR cannot issue a license to operate. Nonetheless, this bill provides that existing gaming franchises, licenses, contracts, and other similar arrangements granted by or entered into by the PAGCOR shall remain unimpaired and shall continue in full force and effect until they expire or the term of the PAGCOR's own franchise to establish, operate, regulate, and issue licenses to operate to gaming establishments expires, whichever comes earlier.

Gambling is widely considered to be reprehensible and even immoral. On the other hand, it is a reliable source of revenue for the Government and a significant source of funding for social and development projects and programs. Allowing the operation of gaming establishments in the country is thus a policy question that involves a delicate balancing of interests, which should be decided by the Members of Congress, who represent and are accountable to the people.

In view of all the foregoing, the support of the Members of Congress for the prompt and timely passage of this measure is earnestly sought.

A handwritten signature in black ink, consisting of a large 'X' followed by a stylized, flowing script that ends in a long horizontal stroke.

**XAVIER JESUS "XJ" D. ROMUALDO**

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**AN ACT FURTHER  
AMENDING PRESIDENTIAL DECREE NO. 1869 AND FOR OTHER PURPOSES**

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

1 SECTION 1. Section 3 of Presidential Decree No. 1869, as amended, is hereby further amended to  
2 read as follows:

3 Section 3. Corporate Powers. – The Corporation shall have the following powers and  
4 functions, among others:

5 (a) to prescribe its By-Laws;

6 (b) to adopt, alter, and use a corporate seal;

7 (c) to own real or personal property, to sell, alienate, mortgage, encumber, or  
8 otherwise dispose of the same;

9 (d) to make contracts and to sue and be sued;

10 (e) to employ such officers and personnel as may be necessary or proper to carry on  
11 its business;

12 (f) to acquire, lease, or maintain, whether on land, water, or air, personal property and  
13 such other equipment and facilities as may be necessary or proper to carry out its  
14 purposes;

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

18 (h) to enter into, make, conclude, perform, and carry out contracts of every kind and  
19 nature and for any lawful purpose which are necessary, appropriate, proper, or  
20 incidental to any business or purpose of the PAGCOR; ~~including but not limited to~~  
21 ~~investment agreements, joint venture agreements, management agreements,~~  
22 ~~agency agreements, whether as principal or as an agent, manpower supply~~

1 ~~agreements, or any other similar agreements or arrangements with any person,~~  
2 ~~firm, association or corporation.]~~

- 3 (i) to borrow money from local or foreign sources as may be necessary or proper for  
4 its operations;
- 5 (j) to invest its funds as the Corporation may deem necessary or proper in any activity  
6 related to its principal operation, including in any bonds or securities issued or  
7 guaranteed by the Government of the Philippines;
- 8 (k) to perform such other powers and functions as may be provided by law; and
- 9 (l) to do anything and everything necessary, proper, desirable, convenient or suitable  
10 for the accomplishment of any of the purposes or the attainment of any of the  
11 objects or the furtherance of any of the powers herein stated, either alone or in  
12 association with other corporations, firms or individuals, and to do every other act or  
13 thing incidental, pertaining to, growing out of, or connected with, the aforesaid  
14 purposes, objects or powers, or any part thereof.

15

16 PROVIDED, THAT, NONE OF THE POWERS STATED ABOVE SHALL BE  
17 UNDERSTOOD AS GIVING AUTHORITY TO PAGCOR TO GRANT LICENSES,  
18 CONTRACTS, OR OTHER SIMILAR ARRANGEMENTS TO PRIVATE PERSONS OR  
19 ENTITIES FOR THE ESTABLISHMENT OR OPERATION OF ANY GAMBLING OR  
20 GAMING ENTERPRISE WITHOUT THE LATTER FIRST BEING GRANTED A  
21 FRANCHISE FROM CONGRESS.

22

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

24 Section 8. Registration. – All persons primarily engaged in THE gambling OR GAMING  
25 BUSINESS, together with their allied businessES, with A ~~[contract or franchise]~~  
26 LICENSE TO OPERATE from the Corporation, shall OBTAIN A LEGISLATIVE  
27 FRANCHISE BEFORE THEY CAN register and affiliate their businesses with the  
28 Corporation. The Corporation shall issue the corresponding certificates of affiliation  
29 upon compliance by the registering entity with the promulgated rules and regulations  
30 thereon.

31

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

33

1 SEC. 4. *Non-Impairment of Existing Franchises, Licenses, and Contracts.* – All franchises, licenses,  
2 contracts, and other similar arrangements granted by or entered into by the Philippine Amusement  
3 and Gaming Corporation (PAGCOR) with private individuals or entities for the establishment,  
4 operation, and maintenance of gambling casinos, gaming clubs, and other similar recreation or  
5 amusement places devoted to gambling and the playing of games of chance before the effectivity of  
6 this Act shall remain in full force and effect until their expiration: Provided, that these shall not  
7 exceed the term of the PAGCOR's franchise. Thereafter, such licenses, contracts, and other similar  
8 arrangements shall not be renewed or extended, unless the licensee, contracting party, or grantee,  
9 as the case may be, is granted a legislative franchise by Congress: Provided, further, any such  
10 franchise may, by law, be altered, amended, or repealed when the common good so requires.

11  
12 SEC. 5. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the  
13 other provisions not affected thereby shall remain in full force and effect.

14  
15 SEC. 6. *Repealing Clause.* – All laws, decrees, executive orders, proclamations, rules and  
16 regulations, and other issuances or parts thereof, which are inconsistent with the provisions of this  
17 Act are hereby repealed or modified accordingly.

18  
19 SEC. 7. *Effectivity Clause.* – This Act shall take effect immediately after its publication in two (2)  
20 newspapers of general circulation.

21  
22 Approved,  
23