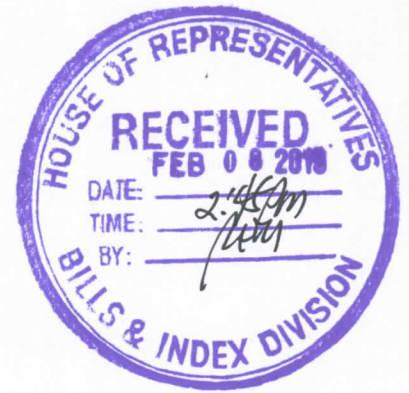




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Seventeenth Congress
Second Regular Session

HOUSE BILL NO. 9084

Introduced by Representative Erico Aristotle C. Aumentado

EXPLANATORY NOTE

This bill seeks to penalize the use of a contractor's license by another person and increase the penalties for the irregular use of contractor's license.

The purpose of contractors' licensing under Republic Act No. 4566, as amended, otherwise known as the "*Contractors' License Law*," is to ensure public safety by allowing only those contractors who are qualified and reliable to undertake construction in the country. Another purpose is to promote the growth of the construction industries and upgrade the construction capability of contractors which would ultimately benefit the public and private sectors.

The contractor's license is classified and categorized based on financial capacity, equipment capacity, and experience of the firm and of the technical employees offered by the contractor. A licensed contractor may only enter into a construction contract when the contractor is qualified based on the classification and category of the license.

There are reports that contractors without valid licenses are undertaking construction projects in the country. There are also reports that licensed contractors are able to secure and undertake construction projects beyond the category of their license. Meaning, a contractor with category AA or A license are able to secure construction projects rated as AAA. These contractors are able to operate in this manner due to the common practice among contractors of renting or borrowing a contractor's license for a fee or commission.

The practice of lending AAA license to a contractor with a lower category license is inimical to public safety and interest. Any contractor who is not a category AAA licensee taking up AAA construction projects is not

equipped with sufficient equipment, personnel and technical knowledge to finish the construction project, or if the contractor is able to finish the project, the quality is below the required standard.

In 2014, it was reported that the AAA irrigation canals and spillways project of the National Irrigation Administration in Agusan del Norte was abandoned. According to the police investigation, the contractor was able to secure the project by borrowing the licenses of six other contractors for a fee to make it appear that there were several bidders. The contractor failed to complete the project due to lack of manpower and equipment.

This bill proposes to deter unscrupulous contractors from borrowing or lending a contractor's license for a fee or commission by punishing such acts. This bill also increases the penalties for the irregular use of contractor's license. The passage of this bill will prevent, if not totally eradicate, the said practice which is inimical to public safety and interest.

In view of the foregoing, the passage of this bill is earnestly sought.



ERICO ARISTOTLE C. AUMENTADO



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HOUSE BILL NO. 9084

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1 **AN ACT**
2 **PENALIZING THE USE OF A CONTRACTOR'S LICENSE BY**
3 **ANOTHER PERSON AND INCREASING THE PENALTIES FOR**
4 **THE IRREGULAR USE OF A CONTRACTOR'S LICENSE,**
5 **AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4566, AS**
6 **AMENDED, OTHERWISE KNOWN AS THE "CONTRACTORS'**
7 **LICENSE LAW"**

8
9 *Be it enacted by the Senate and the House of Representatives of the Philippines*
10 *in Congress assembled:*

11
12 SECTION 1. Section 35 of Republic Act No. 4566, as amended, is
13 hereby amended to read as follows:

14 "Section 35. **Penalties.** – Any contractor who, for a price,
15 commission, fee or wage, submits or attempts to submit a bid to
16 construct, or contracts to or undertakes to construct, or assumes
17 charge in a supervisory capacity of a construction work within the
18 purview of this Act, without first securing a license to engage in
19 the business of contracting in this country; or who shall present or

1 file the license certificate of another **OR WHO SHALL ALLOW**
2 **ANOTHER TO USE HIS OR HER LICENSE**
3 **CERTIFICATE**, give false evidence of any kind to the Board, or
4 any member thereof in obtaining a certificate or license,
5 impersonate another, or use an expired or revoked certificate, or
6 license, shall ~~[be deemed guilty of misdemeanor, and shall,~~
7 ~~upon conviction, be sentenced to pay a fine or not less than five~~
8 ~~hundred pesos but not more than five thousand pesos]~~
9 **SUFFER THE PENALTY OF IMPRISONMENT OF NOT**
10 **LESS THAN ONE (1) YEAR BUT NOT MORE THAN TWO**
11 **(2) YEARS, OR A FINE OF NOT LESS THAN TWO**
12 **HUNDRED THOUSAND PESOS (P200,000.00) BUT NOT**
13 **MORE THAN ONE MILLION PESOS (P1,000,000.00), OR**
14 **BOTH, AT THE DISCRETION OF THE COURT.”**

15 SEC. 2. Within ninety (90) days from the approval of this Act, the
16 Philippine Contractors Accreditation Board shall promulgate rules and
17 regulations implementing the provision of this Act. The implementing rules and
18 regulations issued pursuant to this section shall take effect thirty (30) days after
19 its publication in two (2) newspapers of general circulation.

20 SEC. 3. All laws, orders, issuances, rules and regulations inconsistent
21 herewith are repealed or modified accordingly.

1 SEC. 4. This Act shall take effect fifteen (15) days after its publication in
2 the *Official Gazette* or in a newspaper of general circulation.

3 Approved,