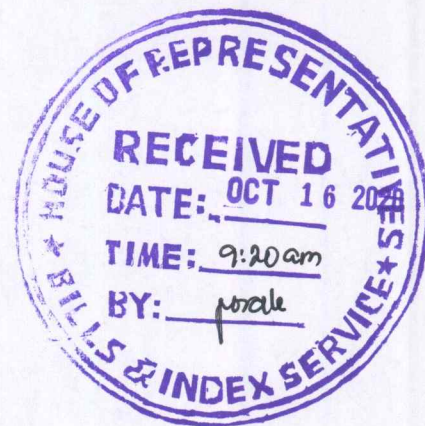




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



EIGHTEENTH CONGRESS
Second Regular Session

H. B. No. 7889

Introduced by Representative AURELIO “DONG” D. GONZALES, JR.

AN ACT
FURTHER AMENDING REPUBLIC ACT NUMBER 4566, OTHERWISE KNOWN
AS THE “CONTRACTOR’S LICENSE LAW,” AS AMENDED, PROVIDING FOR
THE TYPES, ADDITIONAL CONDITIONS, AND REQUIREMENTS IN THE
ISSUANCE OF A CONTRACTOR’S LICENSE, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The sovereign Filipino People, in promulgating the 1987 Constitution, mandated that the State “shall promote the preferential use of Filipino labor, domestic materials and locally produced goods, and adopt measures that help make them competitive (Article XII, Section 12, 1987 Constitution),” and that a trade policy shall be pursued that “serves the general welfare and utilizes all forms and arrangements of exchange on the basis of equality and reciprocity (Article XII, Section 13, 1987 Constitution).”

The abovestated Constitutional dicta impelled this representation to introduce this bill, which seeks to prioritize Filipino contractors and workers in the construction industry, but without closing barriers to the entry of foreign contractors. Under this measure, regular licenses shall be issued to qualified Filipino contractors which will enable them to engage in the business for multiple projects, if such license remains valid. Foreign contractors may also engage in the construction business, but under a special license, and for a single specified undertaking only, in recognition of the substantial distinctions that make real differences between Filipino and foreign contractors.

This notwithstanding, a regular license may still be issued to foreign contractors under specific instances provided by the bill. Both local and foreign contractors will be able to participate in the market on a more level and equitable playing field, which is expected to fuel the country's economic rebound after the pandemic and contribute to the expansion and sustainable growth of the industry.

Further ensuring that the intercourse of trade is founded on reciprocity between States as dignified equals, the bill provides that foreign contractors shall not be considered for the grant of a license unless their country or State of Origin allows Filipino contractors to practice within their territory on the same basis as its subjects or citizens.

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


HON. AURELIO "DONG" D. GONZALES, JR.
Representative
3rd District, Province of Pampanga

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

1 **SECTION 1.** Republic Act Number 4566, as amended, otherwise known as Contractor’s
2 License Law, is hereby further amended by inserting a new Section 24 to read as follows:

3
4 **“Section 24. License Types.** License means the authority granted by the
5 Philippine Contractors Accreditation Board (the “Board”), with conformity of
6 the Construction Industry Authority of the Philippines (the “Authority”), for a
7 person to engage in construction contracting in the Philippines. There shall be
8 two (2) types of licenses designated as regular and special licenses.”

9
10 “Regular licenses are those issued to domestic construction firms which shall
11 authorize the licensee to engage in construction contracting within the field and
12 scope of his license classifications for as long as the license validity is
13 maintained through annual renewal, unless the renewal is denied or the license
14 is suspended, cancelled, or revoked. Regular licenses are reserved for and issued
15 only to Filipino citizens or Filipino partnerships and corporations with at least
16 sixty percent (60%) Filipino equity except for circumstances provided under
17 Section 25 hereof.”

18
19 “Special licenses are issued to joint ventures, consortia, foreign constructors, or
20 project owners and project owners undertaking by himself, sans the service of a
21 constructor, the construction of a project intended for sale, lease, commercial or
22 industrial use, or any other income generating purpose. It authorizes the licensee
23 to engage only in construction of a single specific project or undertaking. The
24 special license for foreign firms shall be subject to other conditions required by
25 law or implementing rules and regulations. Annual renewal shall be required for
26 as long as the project or undertaking is in progress. Validity of the special
27 license shall cease when the project or undertaking is completed.”

1
2 **SEC. 2.** Republic Act No. 4566, as amended, is hereby further amended by inserting a new
3 Section 25 to read as follows:
4

5 “**Section 25. Regular License for Contractors with More than Forty Percent**
6 **(40%) Foreign Equity.** Regular licenses may be issued to contractors with more
7 than forty percent (40%) foreign equity when the cost of the project or
8 undertaking is as follows:”
9

10 “(a) At least Five Billion Pesos (Php 5,000,000,000.00) for vertical private
11 project or undertaking; or”
12

13 “(b) At least Three Billion Pesos (Php 3,000,000,000.00) for horizontal
14 private project or undertaking.”
15

16 **SEC. 3.** Republic Act No. 4566, as amended, is hereby further amended by inserting a new
17 Section 26 to read as follows:
18

19 “**Section 26. Foreign Reciprocity.** No foreign contractor shall be granted a
20 license to practice construction contracting in the Philippines, unless the country
21 or state of which the foreign contractor is a subject or citizen specifically permits
22 Filipino contractors to practice within its territorial limits on the same basis as
23 the subjects or citizens of said foreign country or state under reciprocity and
24 under international agreements: *Provided*, That such foreign contractor shall
25 duly establish its business in the Philippines, and shall ensure technology
26 transfer and capacity building of local contractors and workers.”
27

28 **SEC. 4. Renumbering Clause.** – The succeeding sections of Republic Act No. 4566 are hereby
29 renumbered accordingly.
30

31 **SEC. 5. Implementing Rules and Regulations.** – The Philippine Contractors Accreditation
32 Board, in coordination with the Construction Industry Authority of the Philippines, and in
33 consultation with other stakeholders, shall issue the implementing rules and regulations within
34 thirty (30) days from the effectivity of this Act.
35

36 **SEC. 6. Separability Clause.** – If, for any reason, any part or provision of this Act is declared
37 invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain
38 in full force and effect.
39

40 **SEC. 7. Repealing Clause.** – All laws, presidential decrees, executive orders, rules and
41 regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or
42 modified accordingly.
43

44 **SEC. 8. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the
45 Official Gazette or in any newspaper of general circulation.
46

47 *Approved,*