

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10695



Introduced by **REP. JOSE FRANCISCO “KIKO” B. BENITEZ**

EXPLANATORY NOTE

The objective of Executive Order No. 292 (s. 1987) or the Administrative Code of 1987 (“Code”) is clear – “to [provide] optimum benefit to the people...to serve the people.”

The continuous increase in the number of people contracting coronavirus disease (“COVID-19”) has placed several governments, including the world’s best, into a standstill, preventing the usual conduct of operations and public services.

The Philippine Government was not spared. Its offices, instrumentalities, and agencies suspended their usual and regular work thereby affecting the performance of its public duties and functions, including the renewal of existing franchise for public utilities.

Public utilities offer services most crucial to public welfare. Thus, failure to renew a franchise of a public utility, unlike ordinary licenses, has several social and economic consequences detrimental to employment opportunities and promotion of the general welfare of the people, guaranteed by no less than our Constitution [Article II, Section 5] and Local Government Code [Republic Act No. 7160 (s. 1991), Section 16].

The non-renewal of a franchise due to a fortuitous event or *force majeure* is not only an injustice but an apparent failure to ensure promotion and protection of public welfare amidst difficult times. Public welfare demands more protection from our laws.

The non-renewal of a franchise due to a fortuitous event or *force majeure* is avoidable. Legislation is guided by the principle that a law should be amended dictated by public welfare and the advancement of public policy, or demanded by the broader interest of justice.

It is on the foregoing that the undersigned seeks the immediate approval of this bill aiming to amend the Code by incorporating a policy of automatic extension of the effective period of an expired franchise until Congress – prevented by a fortuitous event or *force majeure* – can already act on its application for renewal. To clarify, the objective is *not automatic renewal but merely automatic extension of the effective period* of the franchise until Congress can hear the application for its renewal.

Through the proposed amendment, the (i) provision of public services by public utilities for general welfare will continue unhampered and (ii) franchisees will not carry the burden over something outside their control.

For this body’s kind consideration.


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AN ACT
AMENDING SECTION 18, BOOK VII, CHAPTER 3
OF THE ADMINISTRATIVE CODE OF THE PHILIPPINES

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

SECTION 1. Section 18, Book VII, Chapter 3 of Executive Order No. 292, is hereby amended to read as follows:

“SEC. 18. Non-expiration of License OR FRANCHISE. - THE PROVISIONS OF SECTION 1 HEREOF AND ANY OTHER PROVISION OF THIS CODE AND OTHER LAWS TO THE CONTRARY NOTWITHSTANDING, where the ADMINISTRATIVE OR LEGISLATIVE licensee OR FRANCHISEE has made timely and sufficient application for the renewal of a license OR FRANCHISE shall not expire until the application shall have been finally determined by the agency, DEPARTMENT, OR BRANCH OF GOVERNMENT AUTHORIZED TO GRANT THE LICENSE OR FRANCHISE. THERE IS FINAL DETERMINATION WHEN AN APPLICANT IS GIVEN WRITTEN NOTICE OF APPROVAL OR DENIAL OF ITS APPLICATION FOR RENEWAL. INACTION ON A PENDING APPLICATION SHALL NOT BE CONSIDERED A DENIAL THEREOF: PROVIDED, THAT, AN APPLICATION FOR RENEWAL OF A LEGISLATIVE FRANCHISE IS IPSO FACTO DENIED WHEN A CONGRESS ADJOURNS SINE DIE WITHOUT HAVING APPROVED THE APPLICATION. PROVIDED FURTHER, THAT, FORTUITOUS EVENTS OR FORCE MAJEURE SUCH AS PANDEMIC, CIVIL STRIFE AND OTHER SIMILAR NATIONAL AND GLOBAL CRISES, AMONG OTHERS, SHALL WARRANT THE AUTOMATIC EXTENSION OF THE FRANCHISE UNTIL CONGRESS CAN CONVENE IN THE USUAL AND REGULAR MANNER TO ACT ON THE APPLICATION FOR RENEWAL OF THE FRANCHISE.”

SEC. 2. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, the provisions not affected thereby shall continue to be in full force and effect.

SEC. 3. Repealing Clause. - All laws, decrees, orders, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 4. Transitory Provision. - The provisions of this Act shall apply to all applications for renewal of legislative franchises filed with the Congress on or after 1 July 2019, which have not been approved or denied by the Congress as of the date of the effectivity of this Act.

SEC. 5. Effectivity. - This Act shall take effect within fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,