NINETEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

HOUSE OF REPRESENTATIVES
E-Filed
RECEIVED
DATE March 19, 2024
TIME 8:00 am
BY Reli
BILLS AND INDEX SERVICE

HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 10171

Introduced by Representative Rufus B. Rodriguez

EXPLANATORY NOTE

This bill seeks to provide for the effective regulation of games of chance, electronic games, gambling games and similar activities, creating for the purpose the Philippine Amusement and Gaming Commission.

Established in 1977, the Philippine Amusement and Gaming Corporation (PAGCOR) has been instrumental in fostering socio-economic progress in the country. It provides funds for government initiatives and plays a crucial role in boosting the country's tourism industry by offering entertainment, attractions, and recreational opportunities through the operation of casinos.

Besides its function of operating casinos, PAGCOR is also mandated to regulate the operation of casinos and other games of chance under Section 9 of Presidential Decree No. 1869, Series of 1983, as amended, entitled "*Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, Relative to the Franchise and Powers of the Philippine Amusement and Gaming Corporation (PAGCOR),*" to maintain the integrity of the gaming industry and stop the growth of illicit gaming establishments and casinos. As such, PAGCOR currently performs dual function of licensing and operating games of chance and similar activities.

As the Philippine gaming industry continues to evolve, the government must strengthen and advance its efforts in regulating the operations of gaming and amusement entities. However, the fact that PAGCOR operates and at the same time regulates casinos, games of chance and other betting activities is, indeed, irregular and anomalous.

This bill, therefore, proposes the establishment of the Philippine Amusement and Gaming Commission to maintain and strengthen the regulatory functions of the State over all casinos, other games of chance and betting activities in the country.

To achieve the objectives of this bill, the proposed Commission shall act as an independent, quasi-judicial regulatory body that will exercise supervision and control over all casinos, games of chance, electronic games, gambling games and similar activities authorized under existing laws and other affiliated entities. Transferring the regulatory functions of PAGCOR to the Commission allows for more effective administration and monitoring of gaming operators, ensuring their compliance with gaming industry rules and regulations.

A Philippine gaming commission should therefore be established to ensure that the government's focus is on transparent governance and the creation of an environment that promotes growth and competitiveness in private businesses.

Hence, approval of this bill is urgently recommended.

RUFUS B. RODRIGUEZ

NINETEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 10171

AN ACT
PROVIDING FOR THE EFFECTIVE REGULATION OF GAMES OF CHANCE AND SIMILAR ACTIVITIES, CREATING FOR THE PURPOSE THE PHILIPPINE AMUSEMENT AND GAMING COMMISSION, DEFINING ITS POWERS AND FUNCTIONS AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. ***Short Title.*** – This Act shall be known as the "*Philippine Amusement and Gaming Commission Act*."

SEC. 2. ***Declaration of Policy*.** – It is the declared policy of the State to regulate all casinos, games of chance, electronic games, gambling games and similar activities, authorized under existing laws. Pursuant to this policy, the State shall:

(a) Integrate the right and authority of regulation under the administration and supervision of the government;

(b) Regulate all persons, locations, practices, associations and activities related to the operation of licensed gaming in order to maintain public confidence and trust;

(c) Restore the integrity of the gaming industry in the country by institutionalizing policy reforms in the conduct of its regulation;

(d) Minimize, if not totally eradicate, the evils, malpractices and corruption that are prevalent in the conduct of games of chance and operation of gambling places and casinos; and

(e) Generate sources of additional revenue to fund infrastructure and socio-civic projects of the government.

SEC. 3. ***Definition of Terms*. –** As used in this Act:

(a) Gambling games refer to any game or scheme that is dependent upon chance or skill, wherein wagers consisting of money, articles of value or representatives of value, are made;

(b) *Games of chance* refer to any type of game wherein the outcome is determined by statistical odds, including casino table games, slot machines, poker, dice games and wheel games, among others; and

(c) *Electronic games* refer to virtual games of chance, such as casino games and mixed games of chance and skills.

SEC. 4. ***Philippine Amusement and Gaming Commission*.** – To implement the policy of the State and pursue the objectives set forth in Section 2 of this Act, there is hereby created the Philippine Amusement and Gaming Commission, hereinafter referred to as the *"Commission,"* which shall have its principal office in Metro Manila. The Commission may establish other offices in the Philippines as it may deem necessary for its operations.

Attached to the Office of the President, the Commission shall act as an independent, quasi-judicial regulatory body exercising supervision and control over all casinos, games of chance, electronic games, gambling games and similar activities authorized under existing laws and other affiliated entities.

SEC. 5. ***Powers, Duties and Functions*.** – The Commission shall:

(a) Authorize and issue licenses for the operation of casinos, games of chance, electronic games, gambling games and similar activities;

(b) Formulate and enforce rules and regulations for the operation of casinos, games of chance, electronic games, gambling games and similar activities, including the hiring of casino personnel and employees and services of foreign technical consultants;

(c) Regulate the operation of casinos, games of chance, electronic games, gambling games and similar activities, including those authorized under existing laws and other affiliated entities;

(d) Decide on all matters relating to the compliance of operators with the terms and conditions of license, contract, franchise, certificate or permit for the operation of gaming activities and prescribe the appropriate guidelines thereof;

(e) Establish and maintain linkages with international gaming commissions, associations or organizations, and international non-governmental organizations whose main objective is the regulation and supervision of games of chance and other similar recreation and amusement activities;

(f) Coordinate and cooperate with other government agencies and entities concerned with any aspect involving the provisions of this Act;

(g) Act on applications by affiliated entities, suppliers of goods and manpower services for permits or licenses in accordance with its rules and regulations, and revoke, review or modify the same in appropriate cases;

(h) Provide comprehensive policy guidance for the promotion and development of the Commission;

(i) Formulate policies, directives, programs and projects, as well as the rules and regulations to implement the provisions of this Act;

(j) Determine the organizational structure and staffing pattern of the Commission in accordance with the provisions of this Act, subject to existing Department of Budget and Management and Civil Service Commission rules and regulations;

(k) Conduct investigations and hearings of complaints for violation of gaming laws, rules and regulations, orders, decisions and rulings, and to impose fines and penalties;

(l) Prescribe and impose reasonable fees for the issuance of permits and licenses for casinos, games of chance, electronic games, gambling games and similar activities, and other affiliated entities;

(m) Advise the President of the Philippines on policies relating to the supervision and inspection of games of chance or casinos and other affiliated entities;

(n) Enter into contracts, sue and be sued; and

(o) Perform such other functions and duties as may be necessary for the effective implementation of this Act.

SEC. 6. ***Regulatory Powers.*** – To ensure the attainment of the purposes and objectives of this Act, the Commission shall:

(a) Supervise the persons responsible for the operation of casinos, games of chance, electronic games, gambling games and similar activities authorized under existing laws and other affiliated entities;

(b) Prescribe the standards and regulations relative to the fitness and participation of local gaming players, and issue permits for such purpose, if necessary;

(c) Detect offenses committed within the gaming premises or in relation thereto;

(d) Adopt its internal rules of procedure in the exercise of its quasi-judicial function, including the power to issue *subpoena ad testificandum* or *subpoena duces tecum;*

(e) Receive and investigate complaints from patrons concerning the conduct of games of chances under its jurisdiction;

(f) Adjudicate cases arising from disputes between a game operator or employees, and the patrons of the games of chances, and if the action so warrants, suspend the operations of the licensee, contract or franchise holder or impose other disciplinary measures like fines and penalties;

(g) Investigate and determine the sustainability of applicants for franchises or licenses;

(h) Examine or review operator books and other records, on its own or through duly authorized representatives;

(i) Inspect, test and approve gaming equipment and chips used in games of chances; and

(j) Prepare and submit to the President periodic reports concerning the operation and conduct of gaming in casinos and other games of chances, and other reports as the President may require, and provide Congress with reports on culpable violations of the terms or conditions of the gaming license based on factual and investigative examinations.

SEC. 7. ***Composition of the Commission.*** – The Commission is composed of a chairperson and four (4) commissioners to be appointed by the President.

The chairperson shall act as the chief executive officer of the Commission and be responsible for the proper administration and management of the functions and affairs of the Commission in accordance with the policy of the State.

The chairperson and commissioners must be citizens of the Philippines, at least thirty (30) years of age, holders of a college degree, of unquestioned integrity and proven competence, and with at least five (5) years actual and distinguished experience in their respective fields. They shall have a term of five (5) years, and be eligible for reappointment to another five (5) years unless sooner removed for just cause under existing laws.

It is prohibited for the chairperson or commissioners or any of their relatives within the fourth civil degree of consanguinity or affinity to hold any interest either as owner, investor, stockholder, officer or director in any of the gaming establishments authorized under existing laws and other affiliated entities or manufacturer of supplies which the Commission regulates.

The chairperson and commissioners shall be provided with a fixed salary, per diem and other emoluments as may be allowed under existing accounting, budgeting and auditing laws, rules and regulations.

SEC. 8. ***Responsibilities of the Chairperson and Commissioners.*** – In addition to the powers, duties and functions of the Commission provided under this Act, the chairperson and commissioners shall:

(a) Formulate and implement the objectives, policies, plans and programs of the Commission;

(b) Direct and supervise officials and employees of the Commission;

(c) Keep and maintain official records and reports of the proceedings of the Commission;

(d) Coordinate the programs and projects of the Commission and ensure the economical, efficient and effective administration of programs and projects;

(e) Submit to the Office of the President the annual program, projects and activities of the Commission, including the corresponding budget for its operation and development of the sports and gaming industry; and

(f) Perform such other powers, functions and duties as may be directed and authorized by the President or as may be necessary or proper.

SEC. 9. ***Transfer of Regulatory Power.*** – All regulatory powers and functions, including issuance of licenses, evaluation and accreditation of gaming system service providers, development and enforcement of regulatory frameworks of the Philippine gaming industry, implementation of responsible gaming practices, and monitoring of casino licensees'

charitable foundations, among others, exercised by PAGCOR over persons and entities engaged in the operation of casinos, games of chance, electronic games, gambling games and similar activities as provided under Presidential Decree No. 1869, Series of 1983, as amended, also known as the PAGCOR Charter, are hereby transferred to the Commission.

For this purpose, the Licensing and Regulatory Group (LRG) and Internet Gaming Licensing and Regulatory Group (IGLRG) under PAGCOR and all other PAGCOR units or departments that support the implementation and enforcement of laws, rules and regulations, and guidelines, including the Gaming Licensing and Development Department, Table Games Department, and the Slot Machine Department under the LRG, and the Offshore Gaming Licensing Department, E-Sabong Licensing Department, and E-Games or E-Bingo Licensing Department under the IGLRG, shall be transferred to and absorbed by the Commission. The transfer shall include the appropriation, funds, records, equipment, facilities, rights, other assets and personnel of the absorbed regulatory offices, and shall be completed within six (6) months after the effectivity of this Act. Liabilities, if any, shall be treated in accordance with the government auditing laws and other pertinent laws, rules and regulations.

The PAGCOR shall continue to discharge its duties and responsibilities as operator of casinos, games of chance, electronic games, gambling games and similar activities authorized under existing laws. Likewise, PAGCOR shall continue to exercise its functions and discharge its regulatory duties and responsibilities until the actual assumption of duties by the chairperson and commissioners.

SEC. 10. ***Separation and Retirement Benefits of Employees.*** – The Commission shall effect the transfer of qualified and necessary personnel of the absorbed regulatory offices of PAGCOR in a manner that will ensure the least disruption in the operation of such offices: *Provided*, That the tenure, rank, salaries and privileges of such personnel are not reduced or adversely affected.

Personnel who are separated from the service are entitled to a severance mitigation package in addition to other separation and retirement benefits to which employees of affected government agencies may be entitled under existing laws and regulations, and based on the recommendations of the Governance Commission on Government-Owned and Controlled Corporations under RA 10149, otherwise known as the *"GOCC Governance Act of 2011,"* but in no case shall the separation pay be less than one (1) month salary for every year of service: *Provided,* That those who availed of the benefits under this Section shall not qualify for re-employment to the Commission within five (5) years from the date of retirement or separation from service.

SEC. 11. ***Registration of Affiliated Entities.*** – All persons and entities primarily engaged in gambling, with existing license, franchise, contract, certificate or permit to operate from the PAGCOR shall register anew with the Commission, which shall issue the corresponding license upon compliance with the rules and regulations on licensing.

SEC. 12. ***Reportorial Requirement.*** – The Commission shall submit the following reports:

(a) *Annual Report*. – The Commission shall, as soon as practicable after the end of each year, prepare and transmit to the President and to both Houses of Congress a report dealing generally with the activities of the Commission during the preceding year and containing such information relating to the proceedings and policy of the Commission.

(b) *Audit of Accounts*. – The Commission shall, as soon as practicable after the close of each year, prepare and submit the financial statements with respect to that year to the Commission on Audit (COA) for proper auditing and reporting on the subject financial statements. The COA report shall state the following:

(1) Financial statements showing the financial transactions and the state of affairs of the Commission;

(2) Proper accounting and records of all the assets of the Commission whether purchased, donated or acquired in any other manner;

(3) Receipts, expenditures and investments of moneys and the acquisitions and disposals of assets by the Commission during the financial year; and

(4) Such other matters arising from the audit that the COA shall consider necessary.

The auditor shall submit such periodical and special reports to the President, both Houses of Congress and to the Commission, as may be required.

SEC. 13. ***Joint Congressional Oversight Committe*e.** – For the effective implementation of this Act, the Joint Congressional Oversight Committee on Gaming Regulations is hereby established to monitor the gaming industry and the implementation of the provisions of this Act by the Commission, all for the purpose of recommending necessary policy adjustments to improve the regulation and operations of the gaming industry.

The Joint Congressional Oversight Committee is composed of seven (7) members from the Senate, which shall include the Chairperson of the Senate Committee on Games and Amusement, and seven (7) members from the House of Representatives, which shall include the Chairperson of the House Committee on Games and Amusements.

The Members from the Senate shall be appointed by the Senate President with at least two (2) Senators representing the Minority. The Members from the House of Representatives shall be appointed by the Speaker, also with at least two (2) Members representing the Minority.

The Joint Congressional Oversight Committee shall be jointly headed by the respective Chairpersons of the Senate Committee on Games and Amusement and the House of Representatives Committee on Games and Amusements.

The Commission shall submit a report to the Joint Congressional Oversight Committee every year containing the annual accomplishments as well as the Commission's financial status and COA Audit Report.

SEC. 14. ***Appropriations.*** – The amount of One hundred fifty million pesos (P150,000,000.00) is hereby allocated from the existing funds of PAGCOR for the initial operation of the Commission. Thereafter, the amount necessary for the continued operation of the Commission shall be included in the General Appropriations Act.

SEC. 15. ***Implementing Rules and Regulation*s.** – Within ninety (90) days from the effectivity of this Act, the Commission shall, in consultation with the Secretaries of Finance and Budget and Management, formulate the necessary rules and regulations for the proper implementation of this Act.

SEC. 16. ***Separability Clause.*** – If any provision or part of this Act is declared unconstitutional or invalid, the parts or provisions not affected shall remain in full force and effect.

SEC. 17. ***Repealing Clause*.** – Section 9 of Presidential Decree (PD) No. 1869, Series of 1983, as amended, entitled "*Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, Relative to the Franchise and Powers of the Philippine Amusement and Gaming Corporation (PAGCOR)*," is repealed.

Section 10 of the same Presidential Decree is amended to revoke the authority of PAGCOR to issue licenses to gambling casinos, gaming clubs and other similar recreation or amusement places, and gaming pools, such as basketball, football or bingo, whether on land or sea, within the territorial jurisdiction of the Republic of the Philippines.

All laws, presidential decrees, executive orders, issuances, rules and regulations or parts thereof inconsistent with or contrary to the provisions of this Act are repealed, modified or amended accordingly.

SEC. 18. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,