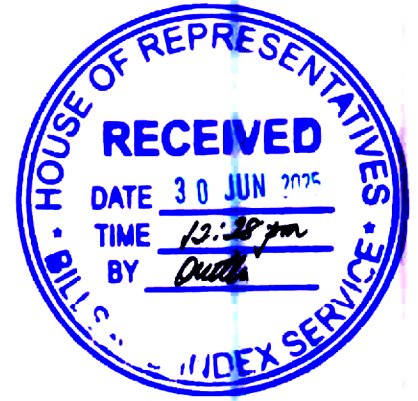


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 141



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

EXPLANATORY NOTE

Under Presidential Decrees (PD) Nos. 1067-A, 1067-B, 1067-C, as amended by PD Nos. 1399, 1632, 1869, and Republic Act No. 9487, the Philippine Amusement and Gaming Corporation (PAGCOR) has the following mandates:

1. To regulate, operate, authorize, and license games of chance, games of cards and games of numbers, particularly casino gaming;
2. To generate revenues for the government's socio-civic and national development programs; and
3. To help promote the tourism industry.

With its mandates, PAGCOR has made significant contribution to nation building, addressing poverty alleviation, peace and order restoration, health and education improvement, and arts, culture, and sports development, among others, with its programs and projects.

By virtue of PD 1869, PAGCOR also shares its earnings to Local Government Unit (LGUs) for hosting Casino Filipino branches. PAGCOR operates ten (10) casino branches in major cities in the country, aside from mini casinos, slot machine, arcades, and PAGCOR clubs. These casinos are Casino Filipino in Manila Pavillon, Malate, Angeles, Bacolod, Cebu, Davao, Iloilo, Laoag, Olongapo, and Tagaytay.

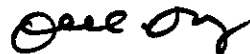
Unlike other PAGCOR's mandatory contributions which percentages or amounts were specifically stated in their respective legislations, the host cities' share is not fixed in PD 1869. The amount thereof is dependent on the approval of the PAGCOR Board of Directors.

The share PAGCOR's earning is likewise limited to cities where PAGCOR conducts its gaming operations through Casino Filipino. Cities where casinos were being operated by franchises, nonetheless, were not given host shares.

It is noteworthy that franchise holders are only liable to pay a Franchise Tax of five percent (5%) of the gross revenue or earnings derived from its operation under the franchise and such tax is in lieu of all kinds of taxes, levies, fees, or assessment of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government agency. Consequently, cities, where these franchises are located lose their taxing power over the said establishments and activities which entitles them to receive their share in PAGCOR's earnings.

"THE ABOVE FIVE PERCENT (5%) FRANCHISE TAX SHALL BE REMITTED AS FOLLOWS: THREE PERCENT (3%) TO THE NATIONAL GOVERNMENT AND TWO PERCENT (2%) TO THE LOCAL GOVERNMENT UNIT (LGU) WHERE PAGCOR-OPERATED AND LICENSED GAMING OPERATIONS SUCH AS, BUT NOT LIMITED TO, LAND-BASED CASINOS, ONLINE CASINOS, BINGO, ELECTRONIC GAMES (EGAMES), AND ELECTRONIC BINGO (EBINGO) ARE LOCATED: *PROVIDED*, THAT THE TWO PERCENT (2%) SHARE SHALL BE PAID DIRECTLY TO THE LGU CONCERNED."

This Bill, therefore, earnestly seeks for the fixing of host city's shares on PAGCOR's earnings.


ERIC L. OLIVAREZ

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **141**

Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

**AN ACT FIXING THE SHARE OF LOCAL GOVERNMENT UNIT (LGU)
HOSTING GAMING OPERATION LICENSED OR OPERATED BY THE
PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) IN
THE PROCEEDS OF THE FRANCHISE TAX, FURTHER AMENDING
SECTION 12 OF PRESIDENTIAL DECREE NO. 1869, AS AMENDED**

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

SECTION 1. Section 12 of Presidential Decree No. 1869 is hereby
further amended to read as follows:

“Sec. 12. Special Condition of Franchise. – After deducting five percent (5%) as Franchise Tax, the fifty percent (50%) share of the government in the [aggregate gross earnings] **GROSS GAMING REVENUE** of the Corporation from this Franchise, or 60% if the [aggregate gross earnings] **GROSS GAMING REVENUE** be less than P150,000,000.00, shall immediately be set aside and shall accrue to the General Fund to finance the priority infrastructure development project and to finance the restoration of damaged or destroyed facilities due to calamities, as may be directed and authorized by the office of the president of the Philippines.

“THE ABOVE FIVE PERCENT (5%) FRANCHISE TAX SHALL BE REMITTED AS FOLLOWS: THREE PERCENT (3%) TO THE NATIONAL GOVERNMENT AND TWO PERCENT (2%) TO THE LOCAL GOVERNMENT UNIT (LGU) WHERE PAGCOR-OPERATED AND LICENSED GAMING OPERATIONS SUCH AS, BUT NOT LIMITED TO, LAND-BASED CASINOS, ONLINE CASINOS, BINGO, ELECTRONIC GAMES (EGAMES), AND ELECTRONIC BINGO (EBINGO) ARE LOCATED: PROVIDED, THAT THE TWO PERCENT (2%) SHARE SHALL BE PAID DIRECTLY TO THE LGU CONCERNED.”

SEC. 2. If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

SEC. 3. Section 12 of P.D. No. 1869, entitled: "Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-1399 and 1632, Relative to the Franchise and Powers of the Philippine Amusement and Gaming Corporation (PAGCOR)," as amended by Presidential Decree No. 1993, entitled: Amending Section Twelve of Presidential Decree No. 1869 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)," and all laws, executive orders, memorandum circulars, guidelines, and other issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

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

Approved,