

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5557



Introduced by: Hon. Keith Micah "Atty. Mike" D.L. Tan

AN ACT
STRENGTHENING THE "CONTRACTORS' LICENSE LAW"
FURTHER AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4566, AS
AMENDED, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Republic Act No. 4566 otherwise known as the Contractors' License Law was enacted in 1965 to regulate the construction industry through licensing of contractors. The law created the Philippine Licensing Board for Contractors, now known as the Philippine Contractors Accreditation Board (PCAB) following the passage of Presidential Decree No. 1746 in 1980. To strengthen its regulatory framework thereby ensuring the public that only qualified and reliable contractors undertake construction projects, Republic Act No. 11711 was enacted in 2022 which increased the penalty for prohibited acts and rationalized license renewals, among others.

It is duly recognized that the construction industry is one of the important sectors of our economy. Based on the 2024 Annual Report¹ released by the Construction Industry Authority of the Philippines, the construction sector is one of the major contributors for the 5.2% year-on-year growth of the national economy. Owing to its crucial role and contribution to the national economy, the industry must be well regulated.

However, anomalies involving public infrastructure and flood control projects were recently uncovered and brought to public attention. Irregularity allegations such as substandard projects, ghost projects, collusive bidding, as well as alleged conduct of dubious practices involving contractors acting as dummies and potential conflict of interest have been prevalent in media reports and the subject of legislative inquiries. These matters highlight weaknesses not just in implementation of law but primarily necessitates a revisit of existing laws. It is

¹ Construction Industry Authority of the Philippines, (2024), 2024 Annual Report Constructing Progress: 2024 CIAP Achievements in Industry Development (<http://construction.gov.ph/publications/ciap-annual-report-2024/>) Accessed on 08 October 2025

worthy to note that the original law, Republic Act No. 4566 is already more than 50 years old. Because of this, some of the law's features may be in need of reform and improvement.

The proposed bill seeks to strengthen the PCAB by introducing stricter qualifications and terms of office for its members, enhances its power, and lengthens the prescriptive period for filing of cases against contractors. It also clarifies conditions for the restoration or renewal of licenses.

In view thereof, approval of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'Keith Tan' with a stylized flourish at the end.

Keith Micah "Atty. Mike" D.L. Tan
4th District, Quezon

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

SECTION 1. Section 3 of Republic Act No. 4566 is hereby amended to read as follows:

"Section 3. *Qualifications of members.* Each member of the Board shall [be of recognized standing in his branch of the contracting business for ten years, or more, a citizen and resident of the Philippines for at least eight years immediately prior to his appointment, at least thirty-five years of age and possessed of a good moral character.] **AT THE TIME OF HIS/HER APPOINTMENT, POSSESS THE FOLLOWING QUALIFICATIONS:**

- 1. MUST BE A NATURAL-BORN CITIZEN AND RESIDENT OF THE PHILIPPINES FOR AT LEAST TEN (10) YEARS;**
- 2. MUST BE AT LEAST THIRTY-FIVE (35) YEARS OF AGE;**
- 3. MUST BE OF RECOGNIZED STANDING IN HIS/HER BRANCH OF CONTRACTING BUSINESS FOR NOT LESS THAN TEN YEARS PRIOR TO HIS/HER APPOINTMENT;**
- 4. MUST BE OF GOOD MORAL CHARACTER;**
- 5. MUST NOT HAVE BEEN CONVICTED OF CRIMES INVOLVING MORAL TURPITUDE;**
- 6. MUST NOT BE AN OWNER, OFFICER, STOCKHOLDER, OR HAVE ANY PECUNIARY INTEREST, DIRECTLY OR INDIRECTLY, OF A CONSTRUCTION COMPANY ENGAGED IN THE BUSINESS OR TRANSACTION WITH THE GOVERNMENT.**

WHEN A CONFLICT OF INTEREST ARISES, THE MEMBER SHALL DIVEST HIS/HER POSITION, SHAREHOLDINGS, INTEREST, CONTROL,

**OR OWNERSHIP IN THE CONSTRUCTION COMPANY INVOLVED
WITHIN THIRTY (30) DAYS UPON ASSUMPTION OF OFFICE."**

SEC. 2. Section 4 of Republic Act No. 4566 is hereby amended to read as follows:

"Section 4. *Term of office.* The Chairman and members of the Board shall hold office for a term of three (3) years **WITHOUT REAPPOINTMENT**. The members of the Board first appointed shall hold office for the following terms: Chairman for three years; one member for two years; and the other member for one year.

Any member of the Board may be removed by the President of the Philippines for neglect or dereliction of duty, incompetence, **DISHONESTY IN THE DISCHARGE OF DUTY**, malpractice, and unprofessional, unethical, immoral or dishonorable conduct: *Provided*, That in the course of investigation, the President of the Philippines shall have the power to suspend such member under investigation and designate a temporary member in his place.

Vacancies in the Board shall be filled for the period of the unexpired term only."

SEC. 3. Section 5 of Republic Act No. 4566 is hereby amended to read as follows:

"Section 5. *Powers and duties of the Board.* The Board is vested with authority to issue, suspend and revoke licenses of contractors, to investigate such violations of this Act and the regulations thereunder [as may come to its knowledge] **MOTU PROPRIO OR UPON VERIFIED COMPLAINT** and, for this purpose, issue subpoena and subpoena duces tecum to secure appearance of witnesses in connection with the charges presented to the Board, and to discharge such other powers and duties affecting the construction industry in the Philippines.

The Board may, with the approval of the President of the Philippines, issue such rules and regulations as may be deemed necessary to carry out the provisions of this Act, to adopt a code of ethics for contractors and to have an official seal to authenticate its official documents."

SEC. 4. Section 30 of Republic Act No. 4566 is hereby amended to read as follows:

"Section 30. *Prescription.* All accusations or charges against [licensees] **ANY PERSON FOR VIOLATIONS OF THIS ACT** shall [be filed] **PRESCRIBE** within [one year] **TEN (10) YEARS** [after the] **FROM THE DISCOVERY OF THE** act or omission

[alleged as the ground therefor, except that with respect to an accusation alleging a violation of subsection (c) of section twenty-eight the accusation may be filed within two years after the discovery by the Board of the alleged facts constituting the fraud or misrepresentation].”

SEC. 5. Section 31 of Republic Act No. 4566 is hereby amended to read as follows:

“Section 31. *Restoration or renewal of licenses.* After suspension of the license upon any of the grounds set forth in this Act, the Board may lift such suspension upon proof of compliance by the contractor with the requirements and conditions set forth by the Board.

After revocation of a license upon any of the grounds set forth in this Act, it shall be renewed or reissued within a period of one year after the final decision of revocation upon proper showing **OF DEMONSTRABLE FINANCIAL AND OPERATING CAPACITY TO LAWFULLY AND COMPETENTLY ENGAGE IN THE CONTRACTING BUSINESS AND** that all losses caused by the act or omission for which the license was revoked have been fully satisfied and that all conditions imposed by the decision of revocation have been complied with.”

SEC. 6. *Separability Clause.* - Should any provision or part of this Act be declared unconstitutional or invalid, the other provisions and parts hereof, and insofar as they are separable from the invalid ones, shall remain in full force and effect.

SEC. 7. *Repealing Clause.* - All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 8. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any two (2) newspapers of general circulation.

Approved,