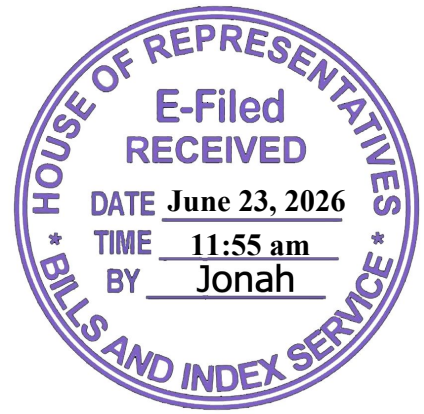


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9927**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to penalize the unlawful lending, borrowing, and fraudulent use of licenses. This upholds the integrity of licenses, permits, and other government-issued concessions.

Licenses and permits are privileges granted by the State only to persons or entities that satisfy the qualifications and standards prescribed by the law. These privileges are issued to ensure competence, accountability, and compliance with regulatory requirements in activities that affect the public interest.

Despite existing regulations, the practice of license lending, fronting, and other unauthorized use of government-issued privileges persists. Some individuals and entities allow others to use their licenses or permits to circumvent legal requirements, while others misrepresent or fraudulently use such privileges to conduct transactions without lawful authority.

These practices undermine regulatory systems, distort fair competition, and expose the public to significant data and identity theft risks. They facilitate fraud and erode public trust in government institutions, particularly when public officials knowingly issue or facilitate the issuance of licences to unqualified persons or entities.

This measure affirms the non-transferable nature of licenses, permits, and other government-issued privileges, except when otherwise provided by the law. It also provides corresponding administrative and criminal sanctions and establishes liability for public officials who issue or facilitate the issuance of such privileges in violation of existing laws.

This bill advances the integrity of government regulatory processes and reinforces transparency, accountability, and public confidence in the administration of State-issued privileges.

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


HON. ERIC G. YAP

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. **9927**

Introduced by **Representative ERIC G. YAP**

AN ACT
PROHIBITING THE UNLAWFUL LENDING, BORROWING, OR FRAUDULENT
USE OF LICENSES, PERMITS, AND OTHER CONCESSIONS GRANTED BY THE
STATE, PROVIDING PENALTIES THEREFOR, AND FOR OTHER PURPOSES

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 “*License Integrity Act*”.

SEC. 2. *Declaration of Policy.* — It is the policy of the State to protect the integrity of licenses, permits, and other concessions issued by the government. The State shall ensure that these privileges are not abused, circumvented, or fraudulently misused to the detriment of the people, the government, or the environment.

SEC. 3. *Nature of Licenses, Permits, and Similar Concessions.* — All licenses, permits, and similar concessions granted by the State are personal privileges, conferred only upon qualified applicants who have complied with legal requirements and demonstrated integrity, competence, and accountability.

These privileges are non-transferable, except when expressly authorized by law or approved by the issuing authority. Such privileges do not vest absolute rights in the grantee and may be amended, suspended, revoked, or rescinded by the State in the interest of public policy, public order, public welfare, or national security.

SEC. 4. *Coverage.* — This Act shall apply to all licenses, permits, and concessions granted, issued, or made to appear as having been granted or issued, by national government agencies, government-owned or controlled corporations, and other national regulatory bodies.

Licenses, permits, and concessions issued by local government units (LGUs) shall remain within the exclusive jurisdiction of the LGUs concerned. Nothing in this Act shall preclude LGUs from enacting ordinances adopting similar prohibitions and penalties within their respective jurisdictions.

SEC. 5. *Prohibited Acts.* — The following acts shall be prohibited:

a. Lending, leasing, transferring, assigning, or otherwise allowing another person to use one's license, permit, or concession, thereby enabling the latter to transact with the government or the public under the guise of lawful authority;

b. Borrowing, renting, or otherwise use of any license, permit, or concession not lawfully one's own, for the purpose of transacting with the government or the public without proper authority; and the

c. Unauthorized use, appropriation, or representation of a license, permit, or concession, through deceit, falsification, misrepresentation, forgery, identity theft, simulation of authority, or any other fraudulent scheme or device.

SEC. 6. *Prohibited Acts of Public Officials.* — It shall be unlawful for any public official or employee, in bad faith or with gross negligence, to:

a. Issue or cause the issuance of a license, permit, or concession to persons, partnerships, associations, or corporations that do not meet the legal qualifications, or the standards of personal, technical, and financial integrity and capability required by law; or

b. Issue, approve, or facilitate the issuance of any license, permit, or concession despite the existence of a conflict of interest or in circumvention of existing laws, rules, and regulations.

SEC. 7. *Aggravating Circumstances.* — The penalty prescribed under this Act shall be imposed in its maximum period when the prohibited act:

a. Facilitated corruption, smuggling, economic sabotage, tax evasion, or money laundering;

b. Caused substantial injury or damage to public funds, national security, public safety, public health, or the environment; or

c. Was committed by, or in conspiracy with, a public official in relation to his or her office.

SEC. 8. *Administrative Penalties.* — The following administrative penalties shall apply:

a. Revocation and cancellation of the license, permit, or concession;

b. Perpetual disqualification from applying for, or being granted, the same license, permit, or concession;

c. Forfeiture of performance bonds or deposits; and

d. Restitution or return of any funds or benefits wrongfully derived from any transaction with the government or the public.

SEC. 9. *Criminal Penalties.* — Any person who commits any of the prohibited acts under this Act shall suffer the penalty of imprisonment of not less than three (3) years to not more than twelve (12) years, and/or a fine of not less than Three hundred thousand pesos (Php 300,000.00) but not more than Three million pesos (Php 3,000,000.00), at the discretion of the court.

If the violator is a corporation, partnership, or association, the responsible officers and directors shall be held personally liable.

SEC. 10. *Liability of Public Officials.* — If the violator is a public official or employee, he or she shall, in addition to the penalties provided under Sections 8 and 9 of this Act, be dismissed from service with perpetual disqualification to hold public office, and forfeiture of benefits.

Nothing in this provision shall preclude prosecution under Republic Act (RA) No. 3019, entitled the “*Anti-Graft and Corrupt Practices Act*”; RA No. 6713, otherwise known as the “*Code of Conduct and Ethical Standards for Public Officials and Employees*”; the Revised Penal Code, or other applicable laws.

SEC. 11. *Whistleblower Protection.* — Persons who, in good faith, report violations of this Act shall be protected against retaliation and may be entitled to incentives under existing laws.

SEC. 12. *Implementing Rules and Regulations.* — Within ninety (90) days from the effectivity of this Act, the Department of Justice, in coordination with the concerned agencies, shall issue the necessary rules and regulations for its effective implementation.

SEC. 13. *Separability Clause.* – If any portion or provision of this Act is declared invalid or unconstitutional, other provisions hereof shall remain in full force and effect.

SEC. 14. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

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

Approved,