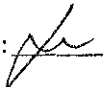


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SENATE
S. No. 2898

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

In the 2009 Annual Audit Report of the Commission on Audit, the Philippine Charity Sweepstakes Office (PCSO) had a dismal showing in terms of its implementation of the previous year's recommendations. Of the 50 audit recommendations presented in the 2008 report, only six were implemented, six were partially implemented, and 38 were not implemented at all. This only highlights the existing culture of illicit practices in the PCSO which this bill seeks to address.

Under existing law, PCSO generates revenues from the sale of sweepstakes and lotto tickets. The resulting revenues are allocated as follows:

- 55% to the Prize Fund
- 30% to the Charity Fund
- 15% to the Operating Fund

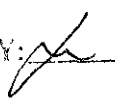
The Charity Fund and the Operating Fund – or in other words, 45% of the revenues – are allocated by the PCSO Board with the approval of the President. This fund has served as a black budget, meaning a budget insulated from public scrutiny, confined to the dark and insulated from sunshine, sneaked through the back door instead of undergoing the open process of congressional budgetary authorization. The present situation is feudal and contrary to best international practice. The best practice is the one-fund concept, under which all government revenues are remitted to the Treasury, and disbursed only as authorized by Congress. There should be no President's Social Fund, because the entire government budget is already his budget. This is why we call it the President's Budget.

The entire revenues of the PCSO for the year should be remitted to the national treasury. Only the President and Congress will prioritize and allocate the fund, except that 5% of the lotto earnings shall be given to local government units, and only 10% shall be allocated for administrative expenses.


MIRIAM DEFENSOR SANTIAGO

11 JUL 21 P1:34

SENATE
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1 AN ACT
2 AMENDING SECTIONS 6 AND 11 OF REPUBLIC ACT NO. 1169, AS AMENDED,
3 ALSO KNOWN AS "AN ACT PROVIDING FOR CHARITY SWEEPSTAKES, HORSE
4 RACES, AND LOTTERIES"

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

5 SECTION 1. Section 6, paragraphs (B), (C) and (D) of Republic Act No. 1169, as
6 amended, also known as "An Act Providing for Charity Sweepstakes, Horse Races, and
7 Lotteries", is hereby amended to read as follows:

8 B. [Thirty percent (30%)] **THIRTY FIVE PERCENT (35%)** shall be set
9 aside **TO BE REMITTED TO THE NATIONAL TREASURY.** [as
10 contributions to the charity fund from which the Board of Directors, in
11 consultation with the Ministry of Human Settlement on identified priority
12 programs, needs, and requirements in specific communities and with approval of
13 the Office of the President (Prime Minister), shall make payments or grants for
14 health programs, including the expansion of existing ones, medical assistance and
15 services and/or charities of national character, such as the Philippine National Red
16 Cross, under such policies and subject to such rules and regulations as the Board
17 may from time establish and promulgate. The Board may apply part of the
18 contributions to the charity fund to approved investments of the Office pursuant to
19 Section 1 (B) hereof, but in no case shall such application to investments exceed
20 ten percent (10%) of the net receipts from the sale of sweepstakes tickets in any
21 given year.]

1 [Any property acquired by an institution or organization with funds given
2 to it under this Act shall not be sold or otherwise disposed of without the approval
3 of the Office of the President (Prime Minister), and that in the event of its
4 dissolution all such property shall be transferred to and shall automatically
5 become the property of the Philippine Government.]

6 C. [Fifteen (15%)] **TEN (10%)** percent shall be set aside as contributions
7 to the operating expenses and capital expenditures of the Office.

8 **D. LOCAL GOVERNMENT UNITS SHALL RECEIVE A FIVE**
9 **(5%) PERCENT SHARE OF THE PROCEEDS FROM THE TOTAL**
10 **SALES OF ON-LINE LOTTERY (LOTTO) OUTLETS OPERATING**
11 **WITHIN THEIR JURISDICTION, INCLUDING A DOCUMENTARY**
12 **STAMP TAX FROM THE SAID DONATION.** [All balances of any funds in
13 the Philippine Charity Sweepstakes Office shall revert to and form part of the
14 charity fund provided for in paragraph (B), and shall be subject to disposition as
15 above stated.]

16 The disbursements of the allocation herein authorized shall be subject to
17 the usual auditing rules and regulations.]

18 SECTION 2. Section 11 of the same law is hereby amended to read as follows:

19 SECTION 11. Laws affected. – Act No. 430, as amended by
20 Commonwealth Act Nos. 301 and 546 and by Republic Acts Nos. 72 and 574,
21 and all other Acts or parts thereof, except Commonwealth Act No. 595 and
22 Republic Act No. 620, inconsistent with the provisions of this Act, are hereby
23 repealed.

24 **THE PROVISIONS OF REPUBLIC ACT NOS. 6847, 7722, 7660,**
25 **7835, 8042, 8175, 8313, 8371, 8492 AND 9165 AND EXECUTIVE ORDER**
26 **NOS. 201, 218 AND 280 INCONSISTENT WITH THE PROVISIONS OF**
27 **THIS ACT ARE HEREBY REPEALED.**

1 SECTION 3. *Separability Clause.* – If any provision of this Act shall be declared
2 unconstitutional, any other provision not affected thereby shall remain in full force and effect.

3 SECTION 4. *Repealing Clause.* – Any law, presidential decree or issuance, executive
4 order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent
5 with, the provisions of this Act is hereby repealed, modified, or amended accordingly.

6 SECTION 5. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
7 publication in at least two (2) newspapers of general circulation.

Approved,