

SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Third Regular Session )



Senate  
Office of the Secretary

16 FEB -1 P3:10

SENATE  
S. No. 3189

RECEIVED BY: J.

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Introduced by Senator Miriam Defensor Santiago

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

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.<sup>1</sup>

  
MIRIAM DEFENSOR SANTIAGO  
RP

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<sup>1</sup> This bill was originally filed during the Fifteenth Congress, Second Regular Session.



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

1 SECTION 1. Section 6 of Republic Act No. 1169, as amended, also known as "An  
2 Act Providing for Charity Sweepstakes, Horse Races, and Lotteries," is hereby amended  
3 to read as follows:

4 SECTION 6. *Allocation of Net Receipts.* - From the gross receipts  
5 from the sale of sweepstakes tickets, whether for sweepstakes races,  
6 lotteries, or similar activities, shall be deducted the printing cost of such  
7 tickets, which in no case shall exceed two percent of such gross receipts to  
8 arrive at the net receipts. The net receipts shall be allocated as follows:

9 A. Fifty-five percent (55%) shall be set aside as a prize fund for the  
10 payment of prizes, including those for the owners, jockeys of running  
11 horses, and sellers of winning tickets.

12 Prizes not claimed by the public within one year from date of draw  
13 shall be considered forfeited, and shall form part of the charity fund for  
14 disposition as stated below

15 B. [~~Thirty percent (30%)~~] **THIRY FIVE PERCENT (35%)** shall  
16 be set aside **TO BE REMITTED TO THE NATIONAL TREASURY** [as

1 ~~contributions to the charity fund from which the Board of Directors, in~~  
2 ~~consultation with the Ministry of Human Settlement on identified priority~~  
3 ~~programs, needs, and requirements in specific communities and with~~  
4 ~~approval of the Office of the President (Prime Minister), shall make~~  
5 ~~payments or grants for health programs, including the expansion of existing~~  
6 ~~ones, medical assistance and services and/or charities of national character,~~  
7 ~~such as the Philippine National Red Cross, under such policies and subject~~  
8 ~~to such rules and regulations as the Board may from time establish and~~  
9 ~~promulgate. The Board may apply part of the contributions to the charity~~  
10 ~~fund to approved investments of the Office pursuant to Section 1 (B)~~  
11 ~~hereof, but in no case shall such application to investments exceed ten~~  
12 ~~percent (10%) of the net receipts from the sale of sweepstakes tickets in any~~  
13 ~~given year].~~

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

19 C. ~~[Fifteen (15%)]~~ TEN (10%) percent shall be set aside as  
20 contributions to the operating expenses and capital expenditures of the  
21 Office.

22 D. LOCAL GOVERNMENT UNITS SHALL RECEIVE A  
23 FIVE (5%) PERCENT SHARE OF THE PROCEEDS FROM THE  
24 TOTAL SALES OF ON-LINE LOTTERY (LOTTO) OUTLETS  
25 OPERATING WITHIN THEIR JURISDICTION, INCLUDING A  
26 DOCUMENTARY STAMP TAX FROM THE SAID DONATION. [All

1 ~~balances of any funds in the Philippine Charity Sweepstakes Office shall~~  
2 ~~revert to and form part of the charity fund provided for in paragraph (B);~~  
3 ~~and shall be subject to disposition as above stated.]~~

4 ~~[The disbursements of the allocation herein authorized shall be~~  
5 ~~subject to the usual auditing rules and regulations.]~~

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

7 SECTION 11. *Laws affected.* – Act No. 430, as amended by  
8 Commonwealth Act Nos. 301 and 546 and by Republic Acts Nos. 72 and  
9 574, and all other Acts or parts thereof, except Commonwealth Act No. 595  
10 and Republic Act No. 620, inconsistent with the provisions of this Act, are  
11 hereby repealed.

12 **THE PROVISIONS OF REPUBLIC ACT NOS. 6847, 7722,**  
13 **7660, 7835, 8042, 8175, 8313, 8371, 8492 AND 9165 AND EXECUTIVE**  
14 **ORDER NOS. 201, 218 AND 280 INCONSISTENT WITH THE**  
15 **PROVISIONS OF THIS ACT ARE HEREBY REPEALED.**

16 SECTION 3. *Separability Clause.* – If any provision of this Act is held invalid or  
17 unconstitutional, the same shall not affect the validity and effectivity of the other  
18 provisions hereof.

19 SECTION 4. *Repealing Clause.* – All laws, decrees, orders, and issuances, or  
20 portions thereof, which are inconsistent with the provisions of this Act, are hereby  
21 repealed, amended or modified accordingly.

22 SECTION 5. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after  
23 its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,

/s/115Dec2015