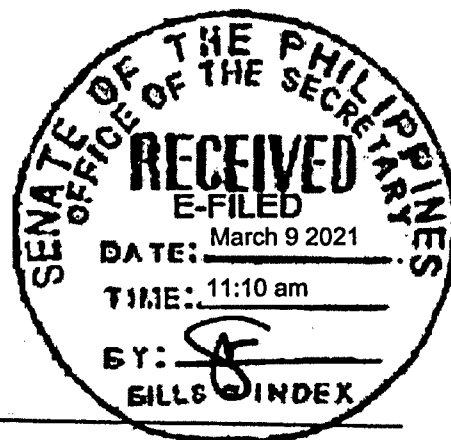


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE

S. No. 2091



Introduced by Senator Manuel "Lito" M. Lapid

AN ACT
AMENDING SECTIONS 35, 37, 38, 39 AND 40 OF REPUBLIC ACT NO. 4566,
OTHERWISE KNOWN AS THE "CONTRACTORS' LICENSE LAW", MODIFYING
THE CONTRACTORS' LICENSE RENEWAL PROCESS, INCREASING FEES, AND
IMPOSING PENALTIES FOR VIOLATIONS THEREOF

EXPLANATORY NOTE

The construction industry is as one of the important sectors of our economy. Based on the 2018 Construction Industry Performance Highlights¹ released by the Construction Industry Authority of the Philippines, the industry's share to the total employment of the country stood at 9.4% or about 3.848 Million workers and its contribution to the GDP amounted to 6.8%. The report also noted that the construction sector contributed 33.9% to the overall capital investments or Gross Capital Formation (GCF) in the country.

Owing to its crucial role and contribution to the national economy, the industry is regulated by government primarily through the Philippine Contractors' Accreditation Board (PCAB). Under Republic Act No. 4566, or the "Contractors' License Law", as amended by Presidential Decree No. 1746, no contractor may engage in the business of contracting in the country without first having secured a PCAB license to conduct business. The said law sets out the guidelines, rules and regulations that applicants for license must meet and license holders must continue to abide by in order to maintain such privilege.

¹ <https://ciap.dti.gov.ph/sites/default/files/publications/2018%20CIPP.pdf>

However, the original law, R.A. 4566 is already more than 50 years old, and the last amendment to it occurred in 1980 which merely entailed renaming and reorganization. Because of this, some of the features, procedures, and amounts of referred to in the law are already outdated and in need of reform and improvement to keep up with the changing times.

Thus, this proposed measure seeks to amend and update the Contractors' License Law by increasing the amounts imposed as penalties for its violation and the fees collectible for the issuance or renewal of licenses. The Board will be provided with the power to adjust, subject to consultation with the relevant stakeholders, the said figures not more than once every three years, but in no case shall the penalty be adjusted or increased by more than 15%. To support its operations, the Board will also be given authority to retain, utilize or apply all the fees, fines and other charges collected by it under the law. The bill will provide flexibility by allowing contractors who have been operating in good standing for 25 years or more, to renew their license every three years, and for those operating in good standing for 10 years but not more than 25 years, renewal may be made every two years.

In view of this, early passage of this bill is sought.

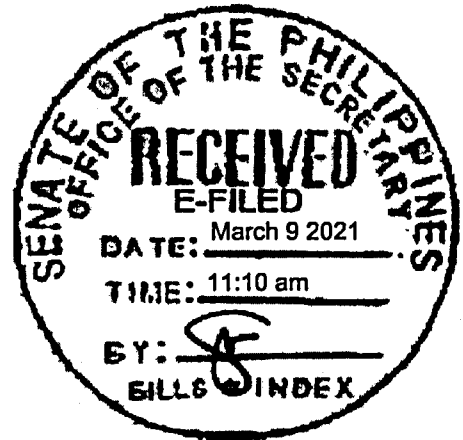


MANUEL "LITO" M. LAPID
Senator

EIGHTEENTH CONGRESS OF THE)
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IMPOSING PENALTIES FOR VIOLATIONS THEREOF

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

SECTION 1. Section 35 of Republic Act No. 4566, as amended, otherwise known as the "Contractors' License Law" is hereby further amended to read as follows:

1 "Section 35. *Penalties.* Any contractor who, for a price, commission,
2 fee or wage, submits or attempts to submit a bid to construct, or
3 contracts to or undertakes to construct, or assumes charge in a
4 supervisory capacity of a construction work within the purview of this
5 Act, without first securing a license to engage in the business of
6 contracting in this country; or who shall present or file the license
7 certificate of another, give false evidence of any kind to the Board,
8 or any member thereof in obtaining a certificate or license,
9 impersonate another, or use an expired or revoked certificate, or
10 license, shall be deemed guilty of misdemeanor, and shall, upon
11 conviction, be [sentenced to pay a fine of not less than five hundred
12 pesos but not more than five thousand pesos] **PENALIZED WITH**
13 **A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND**
14 **PESOS (PHP 100,000.00) OR THE EQUIVALENT OF POINT**
15 **ONE PERCENT (0.1%) OF THE PROJECT COST, WHICHEVER**
16 **IS HIGHER. IN ADDITION, THE OFFENDING CONTRACTOR**
17 **SHALL BE PROHIBITED FROM GAINING A CONTRACTING**
18 **LICENSE FOR A PERIOD OF NOT LESS THAN ONE (1) YEAR."**

1 SEC. 2. Section 37 of Republic Act No. 4566, as amended, is hereby further
2 amended to read as follows:
3

4 "Section 37. *Individual License.* It is unlawful for any person who is
5 a responsible managing partner, officer or employee of a licensed
6 partnership, corporation, firm, association or other organization to
7 individually engage in the constructing business [of] **OR** individually
8 act in the capacity of a contractor within this jurisdiction without
9 having a license in good standing to so engage or act. **ANY PERSON**
10 **FOUND IN VIOLATION OF THIS PROVISION SHALL BE**
11 **PENALIZED WITH A FINE OF NOT LESS THAN FIFTY**
12 **THOUSAND PESOS (PHP 50,000.00) OR THE EQUIVALENT OF**
13 **POINT ONE PERCENT (0.1%) OF THE PROJECT COST,**
14 **WHICHEVER IS HIGHER. IN ADDITION, THE OFFENDING**
15 **PARTY SHALL BE PROHIBITED FROM GAINING A**
16 **CONTRACTING LICENSE FOR A PERIOD OF NOT LESS THAN**
17 **ONE (1) YEAR.**

18
19 **"THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS,**
20 **IS AUTHORIZED TO ADJUST THE PENALTY NOT MORE THAN**
21 **ONCE EVERY THREE (3) YEARS, BUT IN NO CASE SHALL THE**
22 **PENALTY BE ADJUSTED OR INCREASED BY MORE THAN**
23 **FIFTEEN PERCENT (15%) OF THE FINE."**

24
25 SEC. 3. Section 38 of Republic Act No. 4566, as amended, is hereby further
26 amended to read as follows:
27

28 "Section 38. *Joint licenses.* It is unlawful for any two or more
29 licensees, each of whom has been issued a license to engage
30 separately in the capacity of a contractor, to jointly submit a bid or
31 otherwise act in the capacity of a contractor without first having
32 secured an additional license for acting in the capacity of such a joint
33 venture or combination in accordance with the provisions of this Act
34 as provided for an individual, partnership or corporation.
35 **LICENSEES FOUND IN VIOLATION OF THIS PROVISION**
36 **SHALL EACH BE PENALIZED WITH A FINE EQUIVALENT TO**
37 **POINT ONE PERCENT (0.1%) OF THE PROJECT COST. IN**
38 **ADDITION, THE OFFENDING LICENSEES SHALL BE**
39 **AUTOMATICALLY DISQUALIFIED FOR AWARD OF**
40 **CONTRACT.**

41
42 **"THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS,**
43 **IS AUTHORIZED TO ADJUST THE PENALTY NOT MORE THAN**
44 **ONCE EVERY THREE (3) YEARS, BUT IN NO CASE SHALL THE**
45 **PENALTY BE ADJUSTED OR INCREASED BY MORE THAN**
46 **FIFTEEN PERCENT (15%) OF THE FINE."**
47

1 SEC. 4. Section 39 of Republic Act No. 4566, as amended, is hereby further
2 amended to read as follows:

3 "Section 39. *Fee*. The amount of fees prescribed by this Act shall be
4 as follows:

5 "(a) [Fifty] **FIVE THOUSAND** pesos (**PHP 5,000.00**) for an
6 original license;

7 (b) [Sixty] **SIX THOUSAND** pesos (**PHP 6,000.00**) for
8 examination of an applicant;

9 (c) [Fifty] **FIVE THOUSAND** pesos (**PHP 5,000.00**) for an annual
10 renewal.

11 **"THE BOARD IS AUTHORIZED TO COLLECT, RETAIN AND**
12 **UTILIZE OR APPLY ALL FEES, FINES, AND OTHER CHARGES**
13 **COLLECTED BY IT UNDER THIS ACT TO AUGMENT ITS**
14 **OPERATIONS, THE PROVISIONS OF LAW TO THE CONTRARY**
15 **NOTWITHSTANDING.**

16 **"THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS,**
17 **IS AUTHORIZED TO ADJUST THE FEES NOT MORE THAN**
18 **ONCE EVERY THREE (3) YEARS, BUT IN NO CASE SHALL THE**
19 **FEES BE ADJUSTED OR INCREASED BY MORE THAN FIFTEEN**
20 **PERCENT (15%)."**

21 SEC. 5. Section 40 of Republic Act No. 4566, as amended, is hereby further
22 amended to read as follows:

23
24 "Section 40. *Renewal*. A license [may be renewed by the filing of a
25 renewal application with the registrar not later than June thirtieth of
26 each fiscal year, accompanied by the annual renewal fee.] **ISSUED**
27 **PURSUANT TO THE PROVISIONS OF THIS ACT SHALL BE**
28 **VALID FOR ONE (1) YEAR FROM THE DATE OF ITS APPROVAL.**
29 A license renewed thereafter shall be subject to [an additional] A
30 **RENEWAL** fee of [Twenty] **FIVE THOUSAND** Pesos (**PHP**
31 **5,000.00**) **PURSUANT TO SECTION 39 OF THIS ACT.**

32
33 **"IN CASE THE CONTRACTOR HAS BEEN IN OPERATION IN**
34 **GOOD STANDING FOR TWENTY-FIVE (25) YEARS OR MORE,**
35 **IT MAY RENEW ITS LICENSE EVERY THREE (3) YEARS. IF IT**
36 **HAS BEEN IN OPERATION IN GOOD STANDING FOR TEN (10)**
37 **YEARS BUT NO MORE THAN TWENTY-FIVE (25) YEARS, IT**
38 **MAY RENEW ITS LICENSE EVERY TWO (2) YEARS. IF IT HAS**
39 **BEEN IN OPERATION IN GOOD STANDING FOR LESS THAN**

TEN (10) YEARS, ITS SHALL RENEW ITS LICENSE EVERY YEAR.

"APPLICATIONS AND ALL OTHER REQUIREMENTS FOR LICENSE RENEWAL MAY BE FILED WITH THE BOARD OR ITS DESIGNATED AGENCIES EITHER IN PERSON OR THROUGH ONLINE NOT EARLIER THAN NINETY (90) DAYS AND NOT LATER THAN THIRTY (30) DAYS BEFORE THE EXPIRATION OF THE LICENSE.

"THE BOARD, IN CONSULTATION WITH ITS STAKEHOLDERS, IS AUTHORIZED TO ADJUST THE FREQUENCY OF RENEWAL OF LICENSES NOT MORE THAN ONCE EVERY THREE (3) YEARS."

Section 6. *Repealing Clause.*— All laws, presidential decrees, executive orders, proclamations, rules and regulations, or any part thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 7. *Separability Clause.* – If any provision or part of this Act, or the application thereof to any person or circumstance, is held unconstitutional or invalid, the remainder of this Act shall not be affected thereby.

Section 8. *Effectivity Clause.* — This Act shall take effect fifteen (15) days from its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,