

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



23 APR 11 P1:38

SENATE

RECEIVED BY: 

S. No. 2061

Introduced by: **Senator Francis "Tol" N. Tolentino**

**AN ACT FIXING THE HOST CITY SHARE ON THE EARNINGS OF
THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION
(PAGCOR), AMENDING FOR THIS PURPOSE SECTION 12 OF
PRESIDENTIAL DECREE NO. 1869, OTHERWISE KNOWN AS THE
"CHARTER OF PAGCOR", AS AMENDED**

EXPLANATORY NOTE

Under Presidential Decrees (PD) Nos. 1067-A, 1067-B, 1067-C, as amended by PD Nos. 1399, 1632, 1869, and Republic Act No. 9487, the Philippine Amusement and Gaming Corporation (PAGCOR) has the following mandates:

1. to regulate, operate, authorize, and license games of chance, games of cards and games of numbers, particularly casino gaming;
2. to generate revenues for the government's socio-civic and national development programs; and
3. to help promote the tourism industry.

With its mandates, PAGCOR has made significant contributions to nation building, addressing poverty alleviation, peace and order restoration, health and education improvement, and arts, culture, and sports development, among others, with its programs and projects.

By virtue of PD 1869, PAGCOR also shares its earnings to Local Government Units (LGUs) for hosting Casino Filipino branches. PAGCOR operates ten (10) casino branches in major cities in the country, aside from mini casinos, slot machine arcades, and PAGCOR clubs. These casinos are Casino

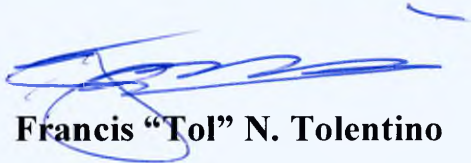
Filipino in Manila Pavilion, Malate, Angeles, Bacolod, Cebu, Davao, Iloilo, Laoag, Olongapo, and Tagaytay.¹

Unlike other PAGCOR's mandatory contributions which percentages or amounts were specifically stated in their respective legislations, the host cities' share is not fixed in PD 1869. The amount thereof is dependent on the approval of the PAGCOR Board of Directors.

The share in PAGCOR's earnings is likewise limited to cities where PAGCOR conducts its gaming operations through Casino Filipino. Cities where casinos were being operated by franchisees, nonetheless, were not given host shares.

It is noteworthy that franchise holders are only liable to pay a Franchise Tax of five percent (5%) of the gross revenue or earnings derived from its operation under the franchise and such tax is in lieu of all kinds of taxes, levies, fees, or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government agency. Consequently, cities where these franchisees are located lose their taxing power over the said establishments and activities which entitles them to receive their share in PAGCOR's earnings.

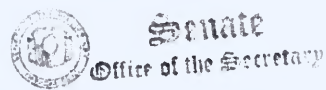
This bill, therefore, earnestly seeks for the fixing of host city's shares on PAGCOR's earnings.



Francis "Tol" N. Tolentino


¹ COA 2016 Annual Audit Report – Notes to Financial Statements, and Facts and Figures – Congressional Policy and Budget Research Development, House of Representatives, February 2018 – No. 6)

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

1 **SECTION 1.** Section 12 under Title IV of PD 1869 is hereby amended to read as
2 follows:

3 "SEC 12. Special Conditions of Franchise – After deducting five percent
4 (5%) as Franchise Tax, the fifty percent (50%) share of the Government
5 in the aggregate gross earnings of the Corporation from this Franchise,
6 or sixty percent (60%) if the aggregate gross earnings be less than
7 P150,000,000.00 shall be set aside and shall accrue to the General Fund
8 to finance the priority infrastructure development projects and to finance
9 the restoration of damaged or destroyed facilities due to calamities as
10 may be directed and authorized by the Office of the President of the
11 Philippines.

12 Five percent (5%) of the aggregate gross earnings of PAGCOR on both
13 operated and regulated activities/establishments shall be remitted to the
14 Host City or the Local Government Unit (LGU) where such operation
15 and/or regulated activities/establishments are located."

1 **SECTION 2. *Separability Clause.*** - If any provision of this Act is declared invalid or
2 unconstitutional, the other provisions not affected thereby shall remain valid and
3 subsisting.

4 **SECTION 3. *Repealing Clause.*** - All laws, executive orders, memorandum circulars,
5 guidelines, and other issuances or parts thereof, which are inconsistent with this Act,
6 are hereby repealed or modified accordingly.

7 **SECTION 4. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
8 publication in the Official Gazette or in newspaper of general circulation.

Approved,