


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

7 JUL -2 2001

SENATE

RECEIVED BY: 

Senate Bill No. 361

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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### EXPLANATORY NOTE

The Supreme Court in the case of Mayor Pablo P. Magtajas and the City of Cagayan de Oro vs. Pryce Properties Corporation, Inc. and Philippine Amusement and Gaming Corporation (PAGCOR), promulgated on July 20, 1994, upheld the power of PAGCOR to establish, operate and maintain casinos anywhere in the country, invoking Presidential Decree No. 1869 (PAGCOR Charter). Local ordinances prohibiting the establishment and operations of casinos were declared by the Court as violative of the PAGCOR Charter.

The above case stemmed from the move of PAGCOR to expand its operation to Cagayan de Oro City in 1992. To implement the expansion, PAGCOR leased a portion of a building belonging to Pryce Properties Corporation, renovated and equipped it for its operations scheduled to commence in December 1992.

The City Government of Cagayan de Oro, however, opposed the move. The Sangguniang Panlungsod ng Cagayan de Oro later enacted two (2) ordinances prohibiting the operation of casinos in the City.

PAGCOR's petition to nullify the two ordinances was sustained by the Court of Appeals. The City Government of Cagayan de Oro elevated the matter to the Supreme Court.

The Supreme court empathically ruled:

"The morality of gambling is not a justiciable issue. Gambling is not illegal per se. While it is general considered inimical to the interests of the people, there is nothing in the Constitution categorically prescribing or penalizing gambling or, for that matter, even mentioning it at all. It is left to Congress to deal with the activity as it sees fit. In the exercise of its own discretion, the legislature may prohibit gambling altogether or allow it without limitation or it may prohibit some forms of gambling and allow others for whatever reasons it may consider sufficient. Thus, it has prohibited jueteng and monte but permits lotteries, cockfighting and horse-racing. In making such choices, Congress has consulted its own wisdom, which this Court has no authority to review, much less reverse. Well has it been said that courts do not sit to resolve the merits of conflicting theories. That is the prerogative of the political departments. It is settled that questions regarding the wisdom, morality, or practicability of statutes are not addressed to the judiciary but may be resolved only by the legislative and executive departments, to which the function belongs in our scheme

of government. That function is exclusive. Whichever way these branches decide, they are answerable only to their own conscience and the constituents who will ultimately judge their acts, and not to the court of justice.”

It is imperative, in the light of the Supreme Court decision above-cited, to grant local government units where casinos are supposed to be established by PAGCOR or the government, authority to participate in the decision-making process insofar as the establishment of casinos in their respective localities.

The bill shall lend fealty to the State policy of granting LGU's genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Through this measure, LGUs shall be given the authority and responsibility to *decide what forms of activities may be allowed in their respective jurisdictions* and which they believe will redound to the best interest of their constituents.

The approval of this bill is, thus, earnestly requested.

  
JINGGOY EJERCITO ESTRADA  
Senator

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**AN ACT**  
**REGULATING THE POWER OF THE PHILIPPINE AMUSEMENT AND**  
**GAMING CORPORATION (PAGCOR) TO ESTABLISH, OPERATE AND**  
**MAINTAIN CASINOS IN THE COUNTRY, AMENDING FOR THE PURPOSE**  
**PRESIDENTIAL DECREE NO. 1869, AND FOR OTHER PURPOSES**

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

SECTION 1. Section 1 of Presidential Decree No. 1869 is hereby amended to read as follows:

"SECTION 1. *Declaration of Policy.* – It is hereby declared to be the policy of the State to centralize and integrate all games of chance not heretofore authorized by existing franchises or permitted by law in order to attain the following objectives:

- (a) To centralize and integrate the right and authority to operate and supervised by the Government;
- (b) To establish and operate clubs and casinos, SUBJECT TO THE APPROVAL OF THE SANGGUNIANG BARANGAY, SANGGUNIANG BAYAN OR PANLUNGSOD, IN THE CASE OF COMPONENT CITIES, AND THE SANGGUNIANG PANLALAWIGAN, OR THE SANGGUNIANG PANLUNGOSD, IN THE CASE OF HIGHLY URBANIZED CITIES, AS THE CASE MAY BE, IN CONSULTATION WITH DULY-REGISTERED PEOPLE'S ORGANIZATIONS OR NON-GOVERNMENT ORGANIZATIONS, for amusement and recreation, including sports gaming pools (basketball), football, lotteries, etc. and such other forms of amusement and recreation including games of chance, which may be allowed by law within the territorial jurisdiction of the Philippines and which will: (1) generate sources of additional revenue to fund infrastructure and socio-civic projects, such as

flood-control programs, beautification, sewerage and sewage projects, Tulungan ng Bayan Centers, Nutritional Programs, Population Control and such other essential public services; (2) create recreation and integrated facilities which will expand and improve the country's existing tourist attractions; and (3) minimize, if not totally eradicate, the evils, malpractices and corruptions that are normally prevalent in the conduct and operation of gambling clubs and casinos without direct government involvement.

SEC 2. *Effectivity.* – This Act shall take effect upon its publication in at least two (2) national newspapers of general circulation.

*Approved,*