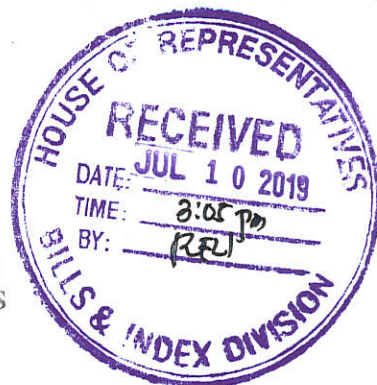




REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City



Eighteenth Congress
First Regular Session

House Bill No. 1911

Introduced by Rep. AURELIO D. GONZALES, JR.

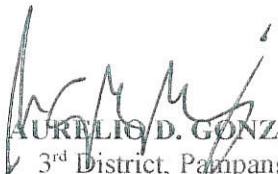
EXPLANATORY NOTE

Republic Act No. 4566 or the Contractors' License Law, as amended by Presidential Decree No. 1746, provides that no contractor shall engage in the business of contracting without first having secured a Philippine Contractors Accreditation Board (PCAB) license to conduct business. It is an offense to engage in contracting business without a license first being obtained. The purpose of RA No. 4566 is to ensure that only qualified and reliable contractors are allowed to undertake construction in the country. The law also aims to promote, for the benefit of the public and private sectors and for the national interest, the orderly growth of the contracting sector and the upgrading of construction capability.¹

In order to rectify existing infirmities in Republic Act No. 4566, this bill seeks to propose the following amendments:

1. A fine of not less than Fifty Thousand Pesos (P 50,000.00) if the cost of the project is not more than Five Hundred Million Pesos (P 500,000,000.00), and a fine of not less than Five Hundred Thousand Pesos (P 500,000.00) if the cost of the project is more than Five Hundred Million Pesos (P 500,000,000.00) shall be imposed to contractors who engage in joint ventures without first obtaining an additional license and any other eligibility requirements as provided under the law. In addition, the bidder shall also be automatically disqualified for award of contract.
2. Since its enactment in 1965, the existing fees as stipulated under Section 39 has yet to be amended. Therefore, higher fees for licensing, registration of application, and renewal shall be implemented to address inflation and rising operational costs and expenses of the PCAB, support additional mandates and services, and other developmental programs, projects and advocacies by the PCAB.
3. A license shall now be valid for one (1) year from its issuance. It may be renewed by filing an application for renewal at least one (1) month before its expiry date to the Board accompanied by the annual renewal fee and such other documents as may be required by the Board.

In view of the foregoing considerations, the immediate passage of this bill is earnestly sought.


REP. AURELIO D. GONZALES, JR.
3rd District, Pampanga

¹ <http://ciap.dti.gov.ph/content/contractors-licensing-and-registration>



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AN ACT AMENDING SECTIONS 38, 39 AND 40 OF REPUBLIC ACT NO. 4566 OTHERWISE
KNOWN AS THE CONTRACTORS' LICENSE LAW

SECTION 1. Section 38 of Republic Act No. 4566 otherwise known as the "Contractors' License Law" is hereby amended to read as follows:

Section 38. *Joint licenses.* It is unlawful for any two or more licensees, each of whom has been issued a license to engage separately in the capacity of a contractor, to jointly submit a bid or otherwise act in the capacity of a contractor without first having secured an additional license for acting in the capacity of such a joint venture or combination in accordance with the provisions of this Act as provided for an individual, partnership or corporation. **VIOLATION OF THIS PROVISION SHALL BE PENALIZED WITH A FINE OF NOT LESS THAN FIFTY THOUSAND PESOS (P50,000.00) WHERE THE COST OF THE PROJECT IS NOT MORE THAN FIVE HUNDRED MILLION PESOS (P 500,000,000.00), AND A FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS (P 500,000.00) WHERE THE COST OF THE PROJECT IS MORE THAN FIVE HUNDRED MILLION PESOS (P 500,000,000.00). IN ADDITION, THE BIDDER SHALL BE AUTOMATICALLY DISQUALIFIED FOR AWARD OF CONTRACT.**

SECTION 2. Section 39 of RA No. 4566 is hereby amended to read as follows:

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

- (a) [Fifty] **FIVE THOUSAND** pesos for an original license;
- (b) [Sixty] **SIX THOUSAND** pesos for examination of an applicant;
- (c) [Fifty] **FIVE THOUSAND** pesos for annual renewal

SECTION 3. Section 40 of RA No. 4566 is hereby amended to read as follows:

Section 40. *Renewal.* A license [may be renewed by the filing of a renewal application with the registrar not later than June thirtieth of each fiscal year, accompanied by the annual renewal fee. A license renewed thereafter shall be subject to an additional fee of Twenty Pesos] **ISSUED PURSUANT TO THE PROVISIONS OF THIS ACT SHALL BE VALID FOR ONE (1) YEAR FROM ITS ISSUANCE. AS SUCH, A LICENSE MAY BE RENEWED BY FILING AN APPLICATION FOR RENEWAL AT LEAST ONE (1) MONTH BEFORE**

ITS EXPIRY DATE TO THE BOARD ACCOMPANIED BY THE ANNUAL RENEWAL FEE AND SUCH OTHER DOCUMENTS AS MAY BE REQUIRED BY THE BOARD.

SECTION 4. Separability Clause. All provisions of existing laws, rules and regulations contrary to or inconsistent with the foregoing are hereby repealed or amended accordingly.

SECTION 5. Repealing Clause. If any part, section or provision of the foregoing amendments are held invalid or declared unconstitutional, the other provisions shall not be affected thereby.

SECTION 6. Effectivity. These amendments shall take effect after fifteen (15) from their publication in the Official Gazette or in a newspaper of national circulation.