

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
Second Regular Session

House Bill No. **7340**



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INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

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**EXPLANATORY NOTES**

Article II Section 15 of the 1987 Philippine Constitution explicitly provides:

“ The State shall protect and promote the right to health of the people and instill health consciousness among them.”

At present, it is without a doubt that the country’s health spending is grossly inadequate. In addition, as the population continues to grow many of the public hospitals are increasingly deteriorating in terms of medical equipment and facilities. For this reason affected the quality of healthcare and medical services among Filipinos specifically the indigent people is adversely affected.

There are some government agencies or government owned and controlled corporations whose incomes are subject for inquiry due to the non-transparency of their utilization, foremost of which is the Philippine Amusement and Gaming Corporation (PAGCOR). Some of the mandated contributions out of PAGCOR’s revenues have now become obsolete because the corporation’s charter has not been amended since the year 2007.

This bill proposes to amend the PAGCOR charter by allocating fifty percent (50%) share of the national government in the aggregate gross earnings of the Corporation to fund the modernization of public health infrastructure, to include all district, provincial and regional hospitals in the Philippines. This allocation is for the modernization of medical equipment and facilities, including an increase in bed capacity, and providing an additional fund for the procurement of necessary medicines. Lastly, the issue on transparency with regard to the utilization of PAGCOR’s income shall be addressed accordingly.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.

  
ALFRED VARGAS

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**AN ACT MODERNIZING PUBLIC HEALTH INFRASTRUCTURE, PROVIDING FUNDS FROM THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) INCOME, AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1869, AS AMENDED BY REPUBLIC ACT NO. 9487**

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

**SECTION 1.** Section 1 of Presidential Decree No. 1869, as amended by Republic Act No. 9487 is hereby further amended to read as follows:

“Section 1. Declaration of Policy. – It is hereby declared to the policy of the State to centralize and integrate all games of chance 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 conduct games of chance into one corporate entity to be controlled, administered and supervised by the Government;
- b) To establish and operate clubs and casinos, 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 generate sources of additional revenue FOR THE MODERNIZATION OF PUBLIC HEALTHCARE AND HEALTH INFRASTRUCTURE; ( to infrastructure and socio-civic projects, such as flood control programs, beautification, sewerage and sewerage projects, Tulungan ng Bayan Centers, Nutritional Programs, Population Control and such other essential public services).
- c) [(2)] TO create recreation and integrated facilities which will expand and improve the country’s existing tourist attractions; AND
- d) [(3)] TO {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.”

**SECTION 2.** Section 7 of Presidential Decree No. 1869, as amended by Republic Act No. 9487 is hereby further amended to read as follows:

“Section 7. Powers, Functions and Duties of the Board of Directors. – The Board shall have the following powers, functions and duties;

- a) To allocate and distribute, with the approval of the Office of the President of the Philippines, the earnings of the Corporation AS APPROVED FOR BY LAW [earmarked to finance infrastructure and socio-civic projects];
- b) To designate the commercial bank that shall act as the depository bank of the Corporation and/or trustee of the funds of the Corporation;
- c) To prepare and approve at the beginning of each calendar year the budget that may be necessary under any franchise granted to it, to insure the smooth operation of the Corporation; and to evaluate and approve budgets submitted to it by other corporations or entities with which it might have any existing contractual arrangement; AND
- d) To submit to the Office of the President of the Philippines before the end of February of each year a list of all the infrastructure and/or socio/civic projects that might have been financed from the Corporation’s earnings, and to submit such periodic or other reports as may be required of it from time to time; and]
- D) [(e)] To perform such other powers, functions and duties as may be directed and authorized by the President of the Philippines or as may be necessary or proper for the accomplishment of its purpose and objectives.”
- e) Load Credits - shall refer to the monetary value or the consumable amount loaded to a mobile or landline phone via prepaid cards or electronic transfers that enable a consumer to use telecommunication services.
- f) Prepaid - shall refer to the type of mobile or landline phone account that requires its owners to purchase load credits before services are used.
- g) Prepaid Call – shall refer to a card with corresponding peso value that has to be purchased to enable a subscriber to use telecommunication services.

**SECTION 3.** Section 12 of Presidential Decree No. 1869, as amended by Republic Act No. 9487 is hereby further amended to read as follows:

Section 12. Special Condition of Franchise – After deducting five percent (5%) as Franchise Tax, the Fifty Percent (50%) share of the Government in the aggregate gross earnings of the Corporation from this Franchise shall be immediately set aside and allocated to fund the MODERNIZATION OF PUBLIC HEALTH INFRASTRUCTURE THROUGH THE following : [infrastructure and socio-civil projects within the Metropolitan Manila Area:

- a) Flood Control
- b) Sewerage and Sewage
- c) Nutritional Control
- d) Population Control
- e) Tulungan ng Bayan Centers
- f) Beautification
- g) Kilusan Kabuhayan at Kaunlaran (KKK) projects; provided, that should the aggregate gross earnings be less than P150,000.00, the amount to be allocated to fund the above-mentioned project shall be equivalent to sixty percent (60%) of the aggregate gross earnings.

In addition to the priority infrastructure and socio-civic projects with the Metropolitan Manila specifically enumerated above, the share of the Government in the aggregate gross earnings derived by the Corporate from this Franchise may also be appropriated and allocated to fund and finance infrastructure and/or socio-civic

projects throughout the Philippines as may be directed and authorized by the Office of the President of the Philippines.]

- A) ACQUISITION AND/OR UPGRADE OF MEDICAL EQUIPMENT AND FACILITIES OF ALL DISTRICT, PROVINCIAL AND REGIONAL HOSPITALS IN THE COUNTRY;
- B) REQUIREMENTS FOR THE INCREASE OF BED CAPACITY OF ALL DISTRICT, PROVINCIAL AND REGIONAL, HOSPITALS IN THE COUNTRY; AND
- C) PROCUREMENT OF MEDICINE IN ALL DISTRICT, PROVINCIAL AND REGIONAL HOSPITALS AS LISTED IN THE REGISTRY OF DOH; PROVIDED, THAT THE SUBJECT FUNDS SHALL NOT BE UTILIZED FOR THE PAYMENT OF PERSONAL SERVICES EXPENDITURES SUCH AS SALARIES, ALLOWANCES AND OTHER PERSONNEL COMPENSATION: PROVIDED FURTHER, THAT THE EQUIVALENT AMOUNT NEEDED FOR PERSONAL SERVICES SHALL BE INCLUDED IN THE GENERAL APPROPRIATIONS ACT (GAA) UNDER THE BUDGET OF DOH OR LOCAL GOVERNMENT FUNDS.

**SECTION 4. Implementing Rules and Regulations (IRR).** Within sixty (60) days upon effectivity of this Act, the PAGCOR, the DOH and the Department of Budget and Management (DBM) shall provide the necessary rules and regulations for the proper disposition of the said funds and the effective implementation of this Act.

**SECTION 5. Repealing Clause.** All laws, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modify accordingly.

**SECTION 6. Separability Clause.** If any part, section or provision of this Act shall be held invalid or unconstitutional, no other part, section or provisions thereof shall be affected thereby.

**SECTION 7. Effectivity.** This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or two (2) newspapers of general circulation.

*Approved,*