

REPUBLIC ACT No. 4566

AN ACT CREATING THE PHILIPPINE LICENSING BOARD FOR CONTRACTORS, PRESCRIBING ITS POWERS, DUTIES AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

Section 1. *Title of Act.* This Act shall be known as the "Contractors' License Law."

ARTICLE I Administration

Section 2. *Composition of the Board.* To carry out the purpose of this Act, there is hereby created a "Philippine Licensing Board for Contractors", under the office of the Board of Examiners, hereinafter referred to as the Board, consisting of a Chairman and two other members who shall be appointed by the President of the Philippines, with the consent of the Commission on Appointments.

Section 3. *Qualifications of members.* Each member of the Board shall be of recognized standing in his branch of the contracting business for ten years, or more, a citizen and resident of the Philippines for at least eight years immediately prior to his appointment, at least thirty-five years of age and possessed of a good moral character.

Section 4. *Term of office.* The Chairman and members of the Board shall hold office for a term of three years. The members of the Board first appointed shall hold office for the following terms: Chairman for three years; one member for two years; and the other member for one year.

Any member of the Board may be removed by the President of the Philippines for neglect or dereliction of duty, incompetence, malpractice, and unprofessional, unethical, immoral or dishonorable conduct: *Provided*, That in the course of investigation, the President of the Philippines shall have the power to suspend such member under investigation and designate a temporary member in his place.

Vacancies in the Board shall be filled for the period of the unexpired term only.

Section 5. *Powers and duties of the Board.* The Board is vested with authority to issue, suspend and revoke licenses of contractors, to investigate such violations of this Act and the regulations thereunder as may come to its knowledge and, for this purpose, issue subpoena and subpoena duces tecum to secure appearance of witnesses in connection with the charges presented to the Board, and to discharge such other powers and duties affecting the construction industry in the Philippines.

The Board may, with the approval of the President of the Philippines, issue such rules and regulations as may be deemed necessary to carry out the provisions of this Act, to adopt a code of ethics for contractors and to have an official seal to authenticate its official documents.

Section 6. *Board meetings.* The Board shall meet as frequently as is necessary to perform its duties, but it shall meet at least once a month. It may be convoked by the Chairman or upon written request of the two other members.

Section 7. *Compensation.* For every meeting attended, the Chairman of the board shall receive a per diem of fifty pesos, while the members thereof shall receive a per diem of twenty-five pesos each: *Provided*, That in no case will the total amount received by each of them exceed the sum of four hundred pesos for any one month.

Section 8. *Annual report.* The Board shall, at the end of each fiscal year, submit to the President of the Philippines and the Congress a detailed report of its activities and proceedings during the period covered by the fiscal year ended.

ARTICLE II

Application of the Act

Section 9. *Definition of terms.* As used in this Act:

- (a) "Persons" include an individual, firm, partnership, corporation, association or other organization, or any combination of any thereof.
 - (b) "Contractor" is deemed synonymous with the term "builder" and, hence, any person who undertakes or offers to undertake or purports to have the capacity to undertake or submits a bid to, or does himself or by or through others, construct, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway, road, railroad, excavation or other structure, project, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures or works in connection therewith. The term contractor includes subcontractor and specialty contractor.
 - (c) A "general engineering contractor" is a person whose principal contracting business is in connection with fixed works requiring specialized engineering knowledge and skill, including the following divisions or subjects: irrigation, drainage, water power, water supply, flood control, inland waterways, harbors, docks and wharves, shipyards and ports, dams, hydroelectric projects, levees, river control and reclamation works, railroads, highways, streets and roads, tunnels, airports and airways, waste reduction plants, bridges, overpasses, underpasses and other similar works, pipelines and other system for the transmission of petroleum and other liquid or gaseous substances, land leveling and earth moving projects, excavating, grading, trenching, paving and surfacing work.
 - (d) A "general building contractor" is a person whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades or crafts, or to do or superintend the whole or any part thereof. Such structure includes sewers and sewerage disposal plants and systems, parks, playgrounds and other recreational works, refineries, chemical plants, and similar industrial plants requiring specialized engineering knowledge and skill, powerhouse, power plants and other utility plants and installations mines and metallurgical plants, cement and concrete works in connection with the abovementioned fixed works.
- A person who merely furnishes materials or supplies under section eleven without fabricating them into, or consuming them in the performance of the work of the general building contractor does not necessarily fall within this definition.
- (e) A "specialty contractor" is a person whose operations pertain to the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades or crafts.

Section 10. *Public personnel.* This Act shall not apply to an authorized representative of the Republic of the Philippines or any incorporated town, city, province, or other municipal or political corporation or subdivision of the Republic of the Philippines.

Section 11. *Finished products.* This Act shall not apply to any sale or installation of any finished products, materials or articles or merchandise, which are not actually fabricated into and do not become a permanent and fixed part of the structure.

Section 12. *Personal property.* This Act shall not apply to any construction, alteration, improvement of repair of personal property.

Section 13. *Minor work.* This Act shall not apply to any work or operation on one undertaking or project by one or more contracts, with an aggregate contract price of less than ten thousand pesos for the labor, materials and all other items.

This exemption, however, shall not apply in any case wherein the work or construction is only part of a larger or major operation, whether undertaken by the same or a different contractor, or in which a division of the operation is made in contracts of amounts less than ten thousand pesos for the purpose of evading or otherwise violating the provisions of this Act.

Section 14. *Architects and engineers.* This Act shall not apply to a registered civil engineer or a licensed architect acting solely in his professional capacity.

Section 15. *Material men.* This Act shall not apply to any person who only furnishes materials or supplies without fabricating them into, or consuming them in the performance of, the work of the contractor.

ARTICLE III Classifications

Section 16. *Classification.* For the purpose of classification, the contracting business includes any or all of the following branches.

- (a) General engineering contracting;
- (b) General building contracting; and
- (c) Specialty contracting.

Section 17. *Power to classify and limit operations.* The Board may adopt reasonably necessary rules and regulations to effect the classification of contractors in a manner consistent with established usage and procedure as found in the construction business, and may limit the field and scope of the operations of a licensed contractor to those in which he is classified to engage, as respectively defined in section nine. A licensee may make application for classification and be thus classified in more than one classification if the licensee meets the qualifications prescribed by the Board for such additional classification or classifications. No additional application or license fee shall be charged for qualifying or classifying a licensee in additional classifications.

Section 18. *Incidental work.* Nothing in this Act shall prohibit a specialty contractor from taking and executing a contract involving the use of two or more crafts or trades, if the performance of the work in such crafts or trades, other than in which he is licensed, is only incidental or supplemental to the performance of work in the said craft or trade for which he is licensed.

ARTICLE IV Licensing

Section 19. *Examinations required.* In accordance with the rules and regulations promulgated by it, the Board may investigate, classify and qualify applicants for contractors' licenses by written or oral examination, or both.

Section 20. *Qualifications of applicants for contractors' licenses.* The Board shall require an applicant to show at least two years of experience in the construction industry, and knowledge of the building, safety, health and lien laws of the Republic of the Philippines and the rudimentary administrative principles of the contracting business as the Board deems necessary for the safety of the contracting business of the public.

For the purpose of this section, a partnership, corporation, or any other organization may qualify through its responsible managing officer appearing personally before the Board who shall prove that he is a bona fide responsible officer of such firm and that he exercises or is in a position to exercise authority over the contracting business of his principal or employer in the following manner: (1) to make technical and administrative decisions; and, (2) to hire, superintend, promote, transfer, lay off, discipline or discharge employees.

Section 21. *Notice of disassociation required.* If the individual who has qualified under the preceding section ceases for any reason whatsoever to be connected with the licensee under this Act, or if any individual who has been denied a license, or whose license had been revoked or suspended, or has failed to secure the restoration of his license if it has been suspended, or has been a responsible managing officer or employee of any partnership, corporation, firm or association whose application for a license has been denied, revoked, or suspended, or who has failed to secure the restoration of its license if it has been suspended, shall in anyway become associated with or be employed by a licensee, the licensee shall notify the Board in writing ten days from such cessation, association or employment. Such notice may entitle the license concerned to remain in force within reasonable period as determined by the rules prescribed by the Board.

Section 22. *Failure to notify in case of disassociation.* If the license fails to notify the Board within the ten-day period in accordance with the preceding section, his license shall be ipso facto suspended. Such license may be restored, however, upon the filing of an affidavit, executed by the licensee or the duly authorized responsible managing officer of the licensee firm, with the Board, to the effect that the person originally appearing for examination on behalf of the licensee has been replaced by another individual, that this individual has been qualified by examination, that he can comply with the provision of this section and that he has not had his license suspended or revoked or that he has not been connected with a licensee whose license has been suspended or revoke due to the lack of a good character required of an applicant for a license.

Section 23. *Issuance of licenses.* Upon the payment of the corresponding fee and the filing of the application, and after examination and investigation as may be required, the Board within fifteen days after the approval of the application shall issue a license to the applicant permitting him to engage in business as a contractor under the terms of this Act for the remaining part of the fiscal year.

Section 24. *Death.* A surviving member or members of a licensed partnership by reason of death shall be entitled to continue in business under such license until the expiration date thereof, if an application for permission is made to the registrar within thirty days after the death of the deceased member, and approved by the Board.

Section 25. *No examination required.* Contractors actively engaged in the construction industry at the effectivity of this Act and licensed as such for the last five years, may upon application, be issued license without necessity of examination.

ARTICLE V Records

Section 26. *Publication of list.* The Board shall publish, at least once a year in a newspaper of general circulation, a list of the names and addresses of contractors, registered under this Act and of the licenses issued, suspend or revoked, and such further information with respect to this Act and its administration that it deems proper.

Copies of such lists may also be furnished by the Board upon request to any firm or individual upon payment of a reasonable fee as fixed by the Board.

Section 27. *Changes.* All licenses shall report to the Board all changes of personnel, name, style or addresses recorded under this Act within thirty days after the changes are made.

ARTICLE VI Disciplinary Action

Section 28. *Causes for disciplinary action.* The following shall constitute causes for disciplinary action:

(a) Willful and deliberate abandonment without lawful and/or just excuse of any construction project or operation engaged in or undertaken by the licensee as a contractor;

(b) Willful material and substantial departure from or disregard of plans and/or specifications in any material respect, and prejudicial to another without consent of the owner or the person entitled to have the particular construction project or operation completed in accordance with such plans and/or specifications or their duly authorized representations;

(c) Willful misrepresentation of a material and substantial fact by an applicant in obtaining a license;

(d) Aiding or abetting an unlicensed person to evade the provisions of this Act, or knowingly combining or conspiring with an unlicensed person, or allowing one's license to be used by an unlicensed person, or acting as agent or partner, or associate, or otherwise of an unlicensed person with the intent to evade the provisions of this Act.

(e) Failure to comply the provisions of this Act;

(f) The doing of any willful or fraudulent act by the licensee as a consequence of which another is injured or damaged; and

(g) The participation by a licensee in the performance by any partnership, corporation, firm, or association of which he is a responsible managing partner, employee or officer, of any act or omission constituting a cause for disciplinary action under this Act.

ARTICLE VII

Disciplinary Proceedings

Section 29. *Jurisdiction.* The Board shall, upon its own motion or upon the verified complaint in writing of any person, investigate the action of any contractor and may suspend or revoke any license if the holder thereof has been guilty of or has committed any one or more of the acts or omission constituting causes for disciplinary action.

Section 30. *Prescription.* All accusations or charges against licensees shall be filed within one year after the act or omission alleged as the ground therefor, except that with respect to an accusation alleging a violation of subsection (c) of section twenty-eight the accusation may be filed within two years after the discovery by the Board of the alleged facts constituting the fraud or misrepresentation.

Section 31. *Restoration or renewal of licenses.* After suspension of the license upon any of the grounds set forth in this Act, the Board may lift such suspension upon proof of compliance by the contractor with the requirements and conditions set forth by the Board.

After revocation of a license upon any of the grounds set forth in this Act, it shall be renewed or reissued within a period of one year after the final decision of revocation upon proper showing that all losses caused by the act or omission for which the license was revoked have been fully satisfied and that all conditions imposed by the decision of revocation have been complied with.

Section 32. *Jurisdiction.* The lapsing or suspension of a license by operation of law, by order or decision of the Board or other competent authority, or the voluntary surrender of a license shall not deprive the Board of jurisdiction to proceed with any investigation of or action or disciplinary proceedings against such license, or to render a decision suspending or revoking it.

ARTICLE VIII

Enforcement and Penalties

Section 33. *Enforcement by officers of the law.* It shall be the duty of all duly constituted law enforcement officers of the national, provincial, city and municipal government or any political subdivisions thereof, to enforce the provisions of this Act and report to the Board any violation of the same.

Section 34. *Enforcement by the Board.* Should any contractor not licensed by the Board engage on attempt to engage in the business of contracting, the Board shall have the right to institute the proper action in court and secure a writ of injunction without bond, restraining the said contractor.

Section 35. *Penalties.* Any contractor who, for a price, commission, fee or wage, submits or attempts to submit a bid to construct, or contracts to or undertakes to construct, or assumes charge in a supervisory capacity of a construction work within the purview of this Act, without first securing a license to engage in the business of contracting in this country; or who shall present or file the license certificate of another, give false evidence of any kind to the Board, or any member thereof in obtaining a certificate or license, impersonate another, or use an expired or revoked certificate, or license, shall be deemed guilty of misdemeanor, and shall, upon conviction, be sentenced to pay a fine of not less than five hundred pesos but not more than five thousand pesos.

ARTICLE IX Miscellaneous Provisions

Section 36. *License required in biddings.* All architects and engineers preparing plans and specifications for work to be contracted in the Philippines shall include in their invitation to bidders and in their specifications a copy of this Act, or such portions thereof as are deemed necessary to convey to the invited bidder, whether he is a resident of the Philippines or not, the information that it will be necessary for him to have a license before his bid is considered.

Section 37. *Individual License.* It is unlawful for any person who is a responsible managing partner, officer or employee of a licensed partnership, corporation, firm, association or other organization to individually engage in the constructing business of individually act in the capacity of a contractor within this jurisdiction without having a license in good standing to so engage or act.

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.

ARTICLE X Fees

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

- (a) Fifty pesos for an original license;
- (b) Sixty pesos for examination of an applicant;
- (c) Fifty pesos for an annual renewal.

ARTICLE XI Renewal of Licenses

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.

Section 41. *Non-renewal of licenses.* No license which has been under suspension for more than a year immediately preceding the filing of an application for renewal shall be renewed.

ARTICLE XII Special Provisions

Section 42. *Separability Clause.* If any provisions of this Act is held unconstitutional, the other provisions shall not be affected thereby.

Section 43. *Repeal.* All Acts or parts of Acts inconsistent with this Act are hereby repealed.

Section 44. *Effectivity.* This Act shall take effect upon its approval.

Approved: June 19, 1965

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