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Republic of the Philippines
Office of the President

PHILIPPINE CHARITY SWEEPSTAKES OFFICE

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BALONG PHILIPPINAS

25 September 2024

1655

HON. BIENVENIDO C. DE GUZMAN II
Vice Mayor
Tuguegarao City, Cagayan

Oct. 3, 2024
2:50 pm
JAT

Re: *Small Town Lottery (STL) Operations of Hit It Big Gaming Corporation (Hit It Big) in the Province of Cagayan*

Dear Hon. De Guzman:

OCT 03 2024

4:10 pm

We have received a report from the PCSO Cagayan Branch Office that Mr. King Finlian D. Borja (Mr. Borja), General Manager of Hit It Big Gaming Corporation, PCSO STL – Authorized Agent Corporation (AAC) in the Province of Cagayan was requested to clarify during the 102nd Regular Session of the Ninth City Council held last 30 July 2024, the reason Hit It Big did not apply for a Resolution of No Objection (RONO) to the City Council before its operations.

The PCSO recognizes that Local Government Units (LGUs) are empowered under Republic Act (R.A.) No. 7160 to enact ordinances and approve resolutions under the general welfare clause. However, the PCSO is a government instrumentality and is conducting its gaming operations in accordance with and pursuant to its Charter under Republic Act No. 1169, as amended. Hit It Big is PCSO's agent and as such, like its principal, exempt from the requirement of permits being imposed by the Province of Cagayan.

In this regard, we wish to invite your attention to the following laws, jurisprudence and opinion of Department of Justice on the matter.

1. The PCSO was created by virtue of R.A. No. 1169 as amended by P.D. 1157, Series of 1977 and Batas Pambansa Blg. 42, Series of 1979, which has the exclusive authority to hold and conduct lotteries pursuant to R.A. No. 1169, as amended.
2. The power of local governments to regulate gambling thru the grant of "franchise, licenses or permits" was withdrawn by P.D. No. 771 and was vested exclusively on the National Government.
3. In the cases of *Basco vs. PAGCOR* (G.R. No. 91649, 14 May 1991), *Nicasio Jaca vs. Hon. Loreto dela Victoria* (CA-GR SP. No. 43322, 07 November 1997), *Garcia v. Jaca* (GR No. 133769, 6 July 1998) and *Andres C. Rivas, Jr. vs. Hon. Alvin B. Garcia* (CA-G.R. SP No. 41878, February 13, 1998), the Supreme Court and Court of Appeals held that:
 - a. *only the National Government has the power to issue "licenses or permits" for the operation of gambling;* and

- b. gambling is a State concern, and hence, is the sole prerogative of the State to retain or delegate to local governments or to revoke ... and that the exemption enjoyed by PCSO in R.A. No. 1169 also inure to the benefit of PCSO sales agents whether they are government employees or not.
4. Hon. Jose D. Lina et al. vs. Hon. Francisco Dizon Paño, et al. (G.R. No. 129093, August 30, 2001) where the Supreme Court held that *"While lotto is clearly a game of chance, the national government deems it wise and proper to permit it. Hence, xxx a local government unit, cannot issue a resolution or an ordinance that would seek to prohibit permits. Stated otherwise, what the national legislature expressly allows by law, such as lotto, a provincial board may not disallow by ordinance or resolution. xxx The national legislature is still the principal of the local government units, which cannot defy its will or modify or violate it"*.
5. The DOJ (Legal Opinion No. 71 dated 26 July 1995) opined that PCSO's exemption extends to its duly appointed sale agents being mere extensions of the PCSO. Moreover, Sections 133, 447 and 458 of RA 7160 which confer upon the municipality or city the power to regulate businesses within their respective territorial limits and impose licenses, taxes, fees and charges cannot be exercised upon the "National Government, agencies and instrumentalities.

The activities undertaken by Hit It Big, which includes the selling STL tickets, is pursuant to the PCSO's mandate under Republic Act No. 1169, as amended. Thus, your support and cooperation to the STL operations will help PCSO to raise funds for the government for medical, health-related and charities of national character.

Very truly yours,

MELQUIADES A. ROBLES
General Manager



Cc. HIT IT BIG GAMING CORPORATION
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Ugac Sur Tuquegarao City, Cagayan