

[REPUBLIC ACT NO. 4566, June 19, 1965]

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

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

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

ARTICLE I.—Administration

SEC. 2. *Composition of the Board.*—To carry out the purposes 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.

SEC. 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.

SEC. 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.

SEC. 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.

SEC. 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.

SEC. 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.

SEC. 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

SEC. 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, powerhouses, power plants and other utility plants and installations,

mines and metallurgical plants, cement and concrete works in connection with the above-mentioned 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.

SEC. 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.

SEC. 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.

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

SEC. 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.

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

SEC. 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

SEC. 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.

SEC. 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.

SEC. 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

SEC. 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.

SEC. 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 purposes 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.

SEC. 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 a reasonable period as determined by the rules prescribed by the Board.

SEC. 22. *Failure to notify in case of disassociation.*— If the licensee 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