

HOUSE OF REPRESENTATIVES

H. No. 6835

BY REPRESENTATIVES MACAPAGAL ARROYO, ROMUALDO, COLLANTES, ALVAREZ (F.), SINGSON,
SALCEDA AND CALIXTO, PER COMMITTEE REPORT NO. 318

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO METRO MANILA TURF CLUB, INC. UNDER REPUBLIC ACT NO. 7978, ENTITLED "AN ACT GRANTING THE METRO MANILA TURF CLUB, INC. A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACE TRACK FOR HORSE RACING IN THE CITY OF KALOOKAN", AS AMENDED BY REPUBLIC ACT NO. 8298

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

1 **SECTION 1. Nature and Scope of Franchise.** - Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, the franchise granted to the Metro
3 Manila Turf Club, Inc., hereunder referred to as the grantee, its successors or assignees, under
4 Republic Act No. 7978, as amended by Republic Act No. 8298, to construct, operate and
5 maintain one racetrack in the City of Kalookan, or anywhere within the provinces of
6 Batangas, Cavite, Laguna, Rizal and Quezon, establish branches thereof for booking
7 purposes, and hold or conduct horse races with betting, on the results of the races either
8 directly or by means of any mechanical, electrical, or computerized totalizator, and to do and
9 carry out all such acts, deeds and things as may be necessary to give effect to the foregoing,
10 is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

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12 **SEC. 2. Authority of the Philippine Racing Commission and the Games and**
13 **Amusement Board.** - The races to be conducted by the grantee shall be under the supervision
14 and regulation of the Philippine Racing Commission (PHILRACOM), which shall enforce
15 the laws, rules and regulations governing horse racing, including the framing and scheduling
16 of races, the construction and safety of racetracks, the allocation of prizes for winning horses,
17 and the security of racing as provided in Presidential Decree No. 420, otherwise known as
18 "Creating the Philippine Racing Commission", as amended: *Provided*, That the Games and
19 Amusements Board (GAB) shall continue to supervise and regulate betting in horse races as
20 provided in Sections 6, 8, 11, 15, and 24 of Republic Act. No. 309, otherwise known as "An
21 Act to Regulate Horse-racing in the Philippines", as amended.

1 **SEC. 3. Offering, Taking or Arranging Bet for Races.** - The grantee or its duly
2 authorized agent may offer, take or arrange bets for races conducted in or outside the
3 Philippines, in person or by any electronic or other means of processing transactions,
4 anywhere in the Philippines, whether within or outside the place, enclosure, or track where
5 horse races are held, in on-track or off-track betting stations, a day in advance of and/or
6 during schedule races held or conducted within or outside the Philippines. No other entity or
7 person other than the grantee or its duly authorized agents or licensees shall offer, take or
8 arrange bets on any horse participating in any race conducted by the same, or maintain or use
9 a totalizator or other device, method or system to bet on any horse within its premises or
10 outside the place, enclosure or track in the course of horse races conducted or operated by the
11 grantee.
12

13 **SEC. 4. Penalties.** - Any person or persons found to have violated the provisions of
14 the preceding section shall be punished by a fine of not less than Twenty thousand pesos
15 (PhP 20,000.00) but not more than One hundred thousand pesos (PhP 100,000.00), or by
16 imprisonment of not more than six (6) months, or both, at the discretion of the court. If the
17 offender is a partnership, corporation, or association, the criminal liability shall devolve upon
18 its president, managing partner or manager responsible for the violation.
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20 **SEC. 5. Use of Computerized and/or Mechanical Devices.** - The grantee is hereby
21 authorized to do and carry out all such acts, deeds and things as may be necessary for the
22 effective conduct of the business granted under this franchise in an orderly, clean and honest
23 manner, and, in particular, to provide and operate any mechanical, electrical, electronic or
24 computerized devices, equipment and facilities, including the following:
25

- 26 (a) Photo patrol and other electronic devices or cameras;
- 27 (b) Automatic starter;
- 28 (c) Electrical, electronic and computerized totalizator;
- 29 (d) Photo finish devices;
- 30 (e) Machines directly connected to a computer in a display board for the sale of
31 tickets including those sold from off-track stations;
- 32 (f) Facilities or devices for tattoo branding of horses for their proper identification;
- 33 (g) Facilities, laboratories and instruments for testing for drugs;
- 34 (h) Weighing machines and devices for measurement of horses;
- 35 (i) Modern sound systems and loud speaker facilities;
- 36 (j) Facilities that will bring safety, security, comfort and convenience to the public;
- 37 (k) Modern telecommunications and broadcast equipment and facilities, whether at
38 the grantee's tracks or off-track betting stations, for receiving and transmitting,
39 whether live or otherwise, messages, signals and pictures by any means now known
40 or which in the future may be developed for the reception and transmission of
41 messages, signals and pictures relating to the betting system, the actual conduct of
42 horse races, the announcements of winning numbers and dividends paid or to be paid
43 thereon, and any other information relating to the conduct and promotion of horse
44 races within or outside the Philippines;
- 45 (l) Continuous and back-up power supply, and such other instruments, devices,
46 equipment, facilities and systems; and

1 (m) Such other facilities, devices or instruments that will ensure clean, honest racing,
2 betting on horse races or derivative games within three (3) years from the effectivity
3 of this Act.

4 In case of the grantee's failure to provide and install any of the aforementioned
5 equipment or facilities within the three-year period, the PHILRACOM shall forthwith
6 suspend and prohibit the holding of races until such time as the equipment or facilities are
7 provided and installed.

8
9 The GAB shall assign its auditors and inspectors to supervise and regulate the placing
10 of bets, the proper computation of dividends and the distribution of wager funds.

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12 **SEC. 6. Terms of Betting Tickets.** - The grantee shall publish and display
13 prominently and in appropriate places the terms and conditions regarding the sale of betting
14 tickets.

15
16 **SEC. 7. Distribution of Total Wager Funds or Gross Receipt.** - The total wager
17 funds or gross receipts from the sale of betting tickets will be apportioned as follows:

18
19 (a) Eighty-two percent (82%) shall be distributed in the form of dividends
20 among the holders of winning tickets whether from pari-mutuel, daily double,
21 forecast, llave, quinella, trifecta, exotics or any other manner of betting;

22
23 (b) Eight and one-half percent (8 1/2 %) shall be retained by the grantee as its
24 commission/fee for conducting the horse races;

25
26 (c) Eight and one-half percent (8 1/2 %) shall be set aside for the payment of
27 stakes or prizes of win, place and show horses and the authorized bonuses for jockeys;

28
29 (d) One-half percent (1/2%) shall be set aside for use of the PHILRACOM:
30 *Provided*, That in the case of gross receipts derived from the total sale for pari-mutuel
31 races, the one-half percent (1/2%) government share shall be set aside for use of the
32 GAB, to be shared equally with the Jockeys and Horse Trainers' Injury, Disability
33 and Death Compensation Fund created under Republic Act No. 309, as amended; and

34
35 (e) One-half percent (1/2 %) shall be set aside for the operation of drug testing
36 facilities for personnel, jockeys, trainers and horses and rehabilitation of the racing
37 facilities of the grantee.

38
39 **SEC. 8. Breakage.** - The receipts from betting corresponding to the fractions of less
40 than Ten centavos (P0.10) eliminated from the dividends paid to the winning tickets,
41 commonly known as breakage, shall be set aside as follows:

42
43 (a) Fifty percent (50%) to be used by the PHILRACOM exclusively for the
44 payment of additional prizes for races that it sponsors, and for the necessary capital
45 outlay and expenditures relative to the horse breeding activities of the National Stud
46 Farm;

1 (b) Twenty-five percent (25%) to the city/municipal hospitals where the race
2 track is located; and

3 (c) Twenty-five percent (25%) for the rehabilitation of drug addicts as
4 provided in Republic Act. No. 6425, otherwise known as "The Dangerous Drugs Act
5 of 1972", as amended.
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7 **SEC. 9. *Schedule of Races.*** - The provision of any existing law to the contrary
8 notwithstanding, the grantee is hereby authorized to hold horse races on at least two (2) days
9 during the week as may be determined by the PHILRACOM, and on all Saturdays, Sundays
10 and official holidays of the year, except on those official holidays where the law expressly
11 provides that no horse races are to be held. The grantee may also conduct races on the eve of
12 any public holiday to start not earlier than five-thirty in the afternoon, but not to exceed five
13 (5) days a year.
14

15 The grantee shall allocate racing days pursuant to the provisions of Republic Act No.
16 309, as amended.
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18 **SEC. 10. *Tax Provisions.*** - The grantee, its successors or assigns shall continue to be
19 subject to all specific taxes duties and fees imposed on the Metro Manila Turf Club, Inc.
20 under Republic Act No. 7978, as amended by Republic Act No. 8298, and with respect to
21 other taxes, charges and fees not so specified therein, under Republic Act No. 8424,
22 otherwise known as the National Internal Revenue Code of 1997, as amended, and other
23 applicable laws.
24

25 **SEC. 11. *Warranty in Favor of the National and Local Governments.*** - The grantee
26 shall hold the national, provincial, city, and municipal governments of the Philippines free
27 from all claims, liabilities, demands, or actions arising out of accidents causing injury to
28 persons or damage to properties, during the construction or operation of the racetrack of the
29 grantee.
30

31 **SEC. 12. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.*** -
32 The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the
33 rights and privileges acquired thereunder to any person, firm, company, corporation, or other
34 commercial or legal entity, nor merge with any other corporation or entity, nor the controlling
35 interest of the grantee be transferred, simultaneously or contemporaneously, to any person,
36 firm, company, corporation, or entity without the prior approval of the Congress of the
37 Philippines. Congress shall be informed of any sale, lease, transfer, grant of usufruct, or
38 assignment of franchise or the rights and privileges acquired thereunder, or of the merger or
39 transfer of the controlling interest of the grantee, within sixty (60) days after the completion
40 of the said transaction. Failure to report to Congress such change of ownership shall render
41 the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
42 transferred, or assigned shall be subject to the same conditions, terms, restrictions, and
43 limitations of this Act.
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45 **SEC. 13. *Reportorial Requirement.*** - The grantee shall submit an annual report to
46 the Congress of the Philippines, through the Committee on Legislative Franchises of the
47 House of Representatives and the Committee on Public Services of the Senate, on its

1 compliance with the terms and conditions of the franchise and on its operations on or before
2 April 30 of every year during the term of its franchise.

3
4 The annual report shall include an update on the roll-out, development, operation
5 and/or expansion of business; audited financial statements; latest General Information Sheet
6 officially submitted to the Securities and Exchange Commission, if applicable; and
7 certification of the PHILRACOM and the GAB on the status of its permits and operations.

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9 The reportorial compliance certificate issued by Congress shall be required before any
10 application for permit or certificate is accepted by the PHILRACOM and the GAB.

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12 **SEC. 14. *Fine.*** – Failure of the grantee to submit the requisite annual report to
13 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day of
14 noncompliance. The fine shall be collected by the PHILRACOM from the delinquent
15 franchise grantee separate from the reportorial penalties imposed by the PHILRACOM, if
16 any, and the same shall be remitted to the Bureau of Treasury.

17 **SEC. 15. *Equality Clause.*** - Any advantage, favor, privilege, exemption, or immunity
18 granted under existing franchises, or which may hereafter be granted for horse racing, upon
19 prior review and approval of Congress, shall become part of this franchise and shall be
20 accorded immediately and unconditionally to the herein grantee: *Provided*, That the
21 foregoing shall neither apply to nor affect the provisions of horse racing franchises
22 concerning territorial coverage, the term, or the type of service authorized by the franchise.

23 **SEC. 16. *Repealability and Non-exclusivity Clause.*** – This franchise shall be
24 subject to amendment, alteration, or repeal by the Congress of the Philippines when the
25 public interest so requires and shall not be interpreted as an exclusive grant of the privileges
26 herein provided for.

27 **SEC. 17. *Separability Clause.*** – If any of the sections or provisions of this Act is held
28 invalid, all other provisions not affected thereby shall remain valid.

29 **SEC. 18. *Repealing Clause.*** – All laws, decrees, orders, resolutions, instructions,
30 rules and regulations, and other issuances or parts thereof which are inconsistent with the
31 provisions of this Act are hereby repealed, amended, or modified accordingly.

32 **SEC. 19. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
33 publication in the Official Gazette or in a newspaper of general circulation.

Approved,