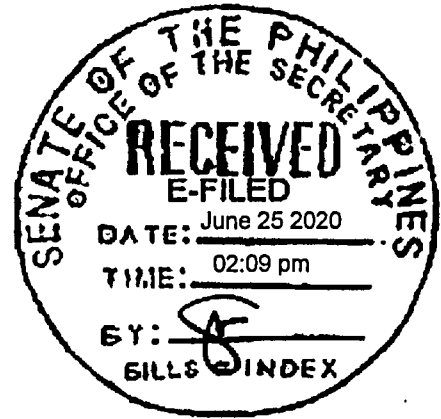


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

Senate Bill No. 1640

Introduced by Senator Juan Miguel F. Zubiri

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

EXPLANATORY NOTE

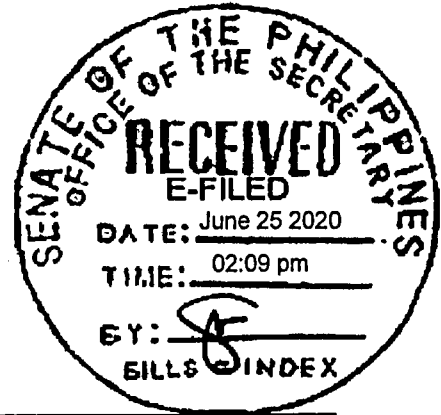
Metro Manila Turf Club Inc. (MMTCI) is one of the trusted names in the industry of horse racing, being the operator of one of the three racing tracks in the Philippines, the Malvar, Batangas Racetrack. This track sits on 45 hectares of land on the edge of Malvar and Tanauan City in Batangas. It has been an essential part of the expansion and improvement of the local horse racing industry by providing world-class race track facilities and services to race enthusiasts.

The MMTCI has been granted a franchise on horse-racing on April 22, 1995 through Republic Act No. 7978, as amended by Republic Act No. 8298, the term of which will expire on April 22, 2022.

This bill seeks to grant a new franchise for the Metro Manila Turf Club Inc. for the term of another twenty-five (25) years and expand its coverage to include the island of Mindanao. This will allow them to continue to serve the country through the operation of quality races that contribute in boosting the industry of horse racing in the Philippines.


JUAN MIGUEL F. ZUBIRI

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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,
4 under Republic Act No. 7978, as amended by Republic Act No. 8298, to construct, operate
5 and maintain one racetrack in the City of Kalookan, or anywhere within the provinces of
6 Batangas, Cavite, Laguna, Rizal and Quezon, or anywhere in Mindanao, establish branches
7 thereof for booking purposes, and hold or conduct horse races with betting, on the results
8 of the races either directly or by means of any mechanical, electrical, or computerized
9 totalizator, and to do and carry out all such acts, deeds and things as may be necessary
10 to give effect to the foregoing, is hereby renewed for another twenty-five (25) years from
11 the effectivity of this Act.

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

22 **SEC. 3. *Offering, Taking or Arranging Bet for Races*** – The grantee or its
23 duly authorized agent may offer, take or arrange bets for races conducted in or outside
24 the Philippines, in person or by any electronic or other means of processing transactions,
25 anywhere in the Philippines, whether within or outside the place, enclosure, or track where
26 horse races are held, in on-track or off-track betting stations, a day in advance of and/or

1 during schedule races held or conducted within or outside the Philippines. No other entity
2 or person other than the grantee or its duly authorized agents or licenses shall offer, take
3 or arrange bets on any horse participating in any race conducted by the same, or maintain
4 or use a totalizator or other device, method or system to bet on any horse within its
5 premises or outside the place, enclosure or track in the course of horse races conducted
6 or operated by the grantee.

7 **SEC. 4. Penalties.** – Any person or persons found to have violated the provision
8 of the preceding section shall be punished by a fine of not less than Twenty thousand
9 pesos (Php 20,000.00) but not more than One hundred thousand pesos (Php 100,000.00),
10 or by imprisonment of not more than six (6) months, or both, at the discretion of the
11 court. If the offender is a partnership, corporation, or association, the criminal liability
12 shall devolve upon its president, managing partner or manager responsible for the
13 violation

14 **SEC. 5. Use of Computerized and/or Mechanical Devices.** – The grantee is
15 hereby authorized to do and carry out all such acts, deeds and things as may be necessary
16 for the effective conduct of the business granted under the franchise in an orderly, clean
17 and honest manner, and, in particular, to provide and operate any mechanical, electrical,
18 electronic or computerized devices, equipment and facilities, including the following:

- 19 (a) Photo patrol and other electronic devices and cameras;
- 20 (b) Automatic starter;
- 21 (c) Electrical, electronic and computerized totalizator;
- 22 (d) Photo finish devices;
- 23 (e) Machines directly connected to a computer in a display board for the sale tickets
24 including those sold from off-track stations;
- 25 (f) Facilities or devices for tattoo branding of horses for their proper identification;
- 26 (g) Facilities, laboratories and instrument for testing drugs;
- 27 (h) Weighing machines and devices for measurement of horses;
- 28 (i) Modern sound systems and loud speaker facilities;
- 29 (j) Facilities that will bring safety, security, comfort and convenience to the public;
- 30 (k) Modern telecommunications and broadcast equipment and facilities, whether at
31 the grantee's tracks or off-track betting stations, for receiving and transmitting,
32 whether live or otherwise, messages, signals and pictures by any means now
33 known or which in the future may be developed for the reception and
34 transmission of messages, signals and pictures relating to the betting system,
35 the actual conduct of horse races, the announcements of winning numbers and
36 dividends paid or to be paid thereon, and any other information relating to the
37 conduct and promotion of horse races, within or outside the Philippines;
- 38 (l) Continuous and back-up power supply, and such other instruments, devices,
39 equipment, facilities and systems; and
- 40 (m) Such other facilities, devices or instruments that will ensure clean, honest
41 racing, betting on horse races or derivative games within three (3) years from
42 the effectivity of this Act.

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

47 The GAB shall assign its auditors and inspectors to supervises and regulate the
48 placing of bets, the proper computation of dividends and the distribution of wager
49 funds.

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

SEC. 7. Distribution of Total Wager Funds or Gross Receipts. – The total wager of funds or gross receipts from the sale of betting tickets will be apportioned as follows:

- (a) Eighty-two percent (82%) shall be distributed in the form of dividends among the holders of winning tickets whether from pari-mutuel, daily double, forecast, llave, quinella, trifecta, exotics or any other manner of betting;
- (b) Eight and one-half percent (8 ½%) shall be retained by the grantee as its commission/fee for conducting the horse races;
- (c) Eight and one-half percent (8 ½%) shall be set aside for the payment of stakes or prizes of win, place and show horses and the authorized bonuses for jockeys;
- (d) One-half percent (½%) shall be set aside for use of the PHILRACOM: *Provided*, that in the case of gross receipts derived from the total sale for pari-mutuel races, the one-half percent (1/2%) government share shall be set aside for use of the GAB, to be shared equally with the Jockeys and Horse Trainers' Injury, Disability and Death Compensation Fund created under Republic Act No. 309, as amended; and
- (e) One-half (1/2%) shall be set aside for the operation of drug testing facilities for personnel, jockeys, trainers and horses and rehabilitation of the racing facilities of the grantee.

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

- (a) Fifty percent (50%) to be used by the PHILRACOM exclusively for the payment of additional prizes for races that it sponsors, and for the necessary capital outlay and expenditures relative to the horse breeding activities of the National Stud Farm;
- (b) Twenty-five percent (25%) to the city/municipal hospitals where the race track is located; and
- (c) Twenty-five percent (25%) for the rehabilitation of drug dependents as provided in Republic Act No. 9165, otherwise known as "The Comprehensive Dangerous Drugs Act of 2002", as amended.

SEC. 9. Schedule of Races – The provision of any existing law to the contrary notwithstanding, the grantee is hereby authorized to hold horse races on at least two (2) days during the week as may be determined by the PHILRACOM, and on all Saturdays, Sundays and official holidays of the year, except on those official holidays where the law expressly provides that no horse races are to be held. The grantee may also conduct races on the eve of any public holidays to start not earlier than five-thirty in the afternoon, but not to exceed five (5) days a year.

The grantee shall allocate racing days pursuant to the provisions of Republic Act No. 309, as amended.

SEC. 10. Tax Provisions. – The grantee, its successors or assigns shall continue to be subject to all specific taxes duties and fees imposed on the Metro Manila Turf Club, Inc. under Republic Act No. 7978, as amended by Republic Act No. 8298, and

1 with respect to other taxes, charges and fees not so specified therein, under Republic
2 Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as
3 amended, and other applicable laws.

4 **SEC. 11. Warranty in Favor of the National and Local Governments** – The
5 grantee shall hold the national, provincial, city and municipal governments of the
6 Philippines free from all claims, liabilities, demands or actions arising out of accidents
7 causing injury to persons or damage to properties, during the construction of operation
8 of the racetrack of the grantee.

9 **SEC. 12. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
10 **Franchise**– The grantee shall not sell, lease, transfer, grant the usufruct of, nor assign
11 this franchise or the rights and privileges acquired thereunder to any person, firm,
12 company, corporation, or other commercial or legal entity, nor merge with any other
13 corporation or entity, nor the controlling interest of the grantee be transferred,
14 simultaneously or contemporaneously, to any person, firm, company, corporation, or
15 entity without the prior approval of the Congress of the Philippines. Congress shall be
16 informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise or
17 the rights and privileges acquired thereunder, or of the merger or transfer of the
18 controlling interest of the grantee, within sixty (60) days after the completion of the
19 said transaction. Failure to report to Congress such change of ownership shall render
20 the franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
21 transferred or assigned shall be subject to the same conditions, terms restrictions and
22 limitations of this act.

23 **SEC. 13. Reportorial Requirement** – The grantee shall submit an annual report
24 to the Congress of the Philippines, through the Committee on Legislative Franchises of
25 the House of Representatives and the Committee on Public Services of the Senate, on
26 its compliance with the terms and conditions of the franchise and on its operations on
27 or before April 30 of every year during the term of its franchise.

28 The annual report shall include an update on the roll-out, development, operation
29 and/or expansion of business; audited financial statements, latest General
30 information Sheet officially submitted to the Securities and Exchange Commission,
31 if applicable; and certification of the PHILRACOM and the GAB on the status of its
32 permits and operations.

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

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

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

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

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

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

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

Approved.