

AS AMENDED BY THE SENATE

CONGRESS OF THE PHILIPPINES
EIGHTEENTH CONGRESS
Second Regular Session

HOUSE OF REPRESENTATIVES

H. No. 8753

BY REPRESENTATIVES ROMUALDO AND ALVAREZ (F.), PER COMMITTEE REPORT NO. 756

AN ACT

GRANTING THE HAPI JOCKEY CLUB, INC. A FRANCHISE TO CONSTRUCT, OPERATE, AND MAINTAIN RACE TRACKS FOR HORSE RACING IN THE PROVINCES OF BATANGAS, LAGUNA, AND CAVITE

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, there is hereby granted to the **Hapi**
3 **Jockey Club, Inc.**, hereunder referred to as the grantee, its successor or assignees, a franchise
4 to construct, operate, and maintain a race track within the provinces of Batangas, Laguna,
5 and Cavite, establish branches thereof for booking purposes anywhere in the country, hold
6 or conduct horse races with betting on results of such races directly or by means of
7 mechanical, electrical, or computerized totalizator, and do and carry out all such acts, deeds,
8 and things as may be necessary to give effect to the foregoing.

9
10 **SEC. 2. *Authority of the Philippine Racing Commission and the Games and***
11 ***Amusement Board.*** - The races to be conducted by the grantee shall be under the supervision
12 and regulation of the Philippine Racing Commission (PHILRACOM), which shall enforce the
13 laws, rules and regulations governing horse racing, including the framing and scheduling of
14 races, the construction and safety of racetracks, the allocation of prizes for winning horses,
15 and the security of racing as provided in Presidential Decree No. 420, otherwise known as
16 “Creating the Philippine Racing Commission”, as amended: *Provided*, That the Games and
17 Amusements Board (GAB) shall continue to supervise and regulate betting in horse races as
18 provided in Sections 6, 11, 15, 18, and 24 of Republic Act. No. 309, otherwise known as “An
19 Act to Regulate Horse-racing in the Philippines”, as amended.

20
21 **SEC. 3. *Offering, Taking or Arranging Bet for Races.*** - The grantee or its duly
22 authorized agent may offer, take or arrange bets for races conducted in or outside the
23 Philippines, in person or by any electronic or other means of processing transactions,
24 anywhere in the Philippines, whether within or outside the place, enclosure, or track where

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

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

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

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

45 IN CASE OF THE GRANTEE'S FAILURE TO PROVIDE AND INSTALL ANY OF
46 THE AFOREMENTIONED EQUIPMENT OR FACILITIES WITHIN THE THREE-YEAR
47 PERIOD, THE PHILRACOM SHALL FORTHWITH SUSPEND AND PROHIBIT THE

1 HOLDING OF RACES UNTIL SUCH TIME AS THE EQUIPMENT OR FACILITIES ARE
2 PROVIDED AND INSTALLED.

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

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

7
8 **SEC. 7. Distribution of Total Wager Funds or Gross Receipt.** - The total wager funds
9 or gross receipts from the sale of betting tickets will be apportioned as follows:
10

11 (a) Eighty-two percent (82%) shall be distributed in the form of dividends
12 among the holders of winning tickets whether from *pari-mutuel*, daily double,
13 forecast, *llave*, *quinella*, trifecta, exotics or any other manner of betting;
14

15 (b) Eight and one-half percent (8.5 %) shall be retained by the grantee as its
16 commission or fee for conducting the horse races;
17

18 (c) Eight and one-half percent (8.5 %) shall be set aside for the payment of
19 stakes or prizes of win, place and show horses and the authorized bonuses for jockeys;
20

21 (d) One-half percent (0.5 %) shall be set aside for use of the PHILRACOM:
22 *Provided*, That in the case of gross receipts derived from the total sale for pari-mutuel
23 races, the one-half percent (0.5 %) government share shall be set aside for use of the
24 GAB, to be shared equally with the Jockeys and Horse Trainers' Injury, Disability and
25 Death Compensation Fund created under Republic Act No. 309, as amended; and
26

27 (e) One-half percent (0.5 %) shall be set aside for the operation of drug testing
28 facilities for personnel, jockeys, trainers and horses and rehabilitation of the racing
29 facilities of the grantee.
30

31 **SEC. 8. Breakage.** - The receipts from betting corresponding to the fractions of less
32 than Ten centavos (P0.10) eliminated from the dividends paid to the winning tickets,
33 commonly known as breakage, shall be set aside as follows:
34

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

39 (b) Twenty-five percent (25%) to the city or municipal hospitals where the race
40 track is located; and

41 (c) Twenty-five percent (25%) to augment the funding for the establishment,
42 maintenance, and operation of drug rehabilitation centers in the country, as provided
43 in Republic Act. No. 9165, otherwise known as the Comprehensive Dangerous Drugs
44 Act of 2002, as amended.
45

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

8 The grantee shall allocate racing days pursuant to the provisions of Republic Act No.
9 309, as amended.

10
11 **SEC. 10. *TAX PROVISION.*** - THE PROVISION OF EXISTING LAWS TO THE
12 CONTRARY NOTWITHSTANDING, THE FOLLOWING TAXES SHALL BE IMPOSED:

13
14 (A) THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES SHALL PAY AND/OR
15 REMIT:

16
17 (1) DOCUMENTARY STAMP TAX. - ON EACH HORSE RACE TICKET,
18 THERE SHALL BE COLLECTED A DOCUMENTARY STAMP TAX OF TEN
19 CENTAVOS (P0.10): *PROVIDED*, THAT IF THE COST OF THE TICKET EXCEEDS ONE
20 PESO (P1.00), AN ADDITIONAL TAX OF TEN CENTAVOS (P0.10) ON EVERY ONE
21 PESO (P1.00) OR FRACTIONAL PART THEREOF SHALL BE COLLECTED:
22 *PROVIDED, FURTHER*, THAT IN THE CASE OF DOUBLE FORECAST/QUINELLA
23 AND TRIFECTA BETS, THE TAX SHALL BE FIVE CENTAVOS (P0.05) ON EVERY
24 ONE PESO (P1.00) WORTH OF TICKET.

25
26 (2) FRANCHISE TAX. - THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES,
27 SHALL BE LIABLE TO PAY THE SAME TAXES ON THEIR REAL ESTATE,
28 BUILDINGS AND PERSONAL PROPERTY, EXCLUSIVE OF THIS FRANCHISE, AS
29 OTHER PERSONS OR CORPORATIONS ARE NOW OR HEREAFTER MAY BE
30 REQUIRED BY LAW TO PAY. IN ADDITION THERETO, THE GRANTEE, ITS
31 SUCCESSORS OR ASSIGNEES, SHALL PAY A FRANCHISE TAX EQUAL TO
32 TWENTY-FIVE PERCENT (25%) OF ITS GROSS EARNINGS FROM THE HORSE
33 RACES AUTHORIZED UNDER THIS FRANCHISE WHICH IS EQUIVALENT TO THE
34 EIGHT AND ONE-HALF PERCENT (8 ½%) OF THE TOTAL WAGER FUNDS OR
35 GROSS RECEIPTS ON THE SALE OF BETTING TICKETS DURING THE RACING
36 DAYS AS MENTIONED IN SECTION 9 HEREOF, ALLOTTED AS FOLLOWS:

- 37
38 i. FIVE PERCENT (5%) FOR THE NATIONAL GOVERNMENT;
39 ii. FIVE PERCENT (5%) FOR THE PROVINCE OR
40 CITY/MUNICIPALITY WHERE THE RACETRACK IS LOCATED;
41 iii. SEVEN PERCENT (7%) FOR THE MUNICIPAL HOSPITAL WHERE
42 THE RACETRACK IS LOCATED;
43 iv. SIX PERCENT (6%) TO THE PHILIPPINE ANTI-TUBERCULOSIS
44 SOCIETY; AND
45 v. TWO PERCENT (2%) TO THE WHITE CROSS.

46
47 THE SAID TAXES SHALL BE PAID MONTHLY AND SHALL BE IN LIEU OF
48 ANY AND ALL TAXES OF ANY KIND, NATURE AND DESCRIPTION LEVIED
49 EXCEPT THE INCOME TAX, ESTABLISHED OR COLLECTED BY ANY AUTHORITY

1 WHETHER BARANGAY, MUNICIPAL, CITY, PROVINCIAL OR NATIONAL, ON ITS
2 PROPERTIES, WHETHER REAL OR PERSONAL, FROM WHICH TAXES THE
3 GRANTEE IS HEREBY EXPRESSLY EXEMPTED.

4
5 THE GRANTEE SHALL FILE THE RETURN WITH AND PAY THE TAXES DUE
6 THEREON TO THE COMMISSIONER OF INTERNAL REVENUE OR HIS DULY
7 AUTHORIZED REPRESENTATIVES IN ACCORDANCE WITH THE NATIONAL
8 INTERNAL REVENUE CODE, AS AMENDED, AND THE RETURN SHALL BE
9 SUBJECT TO AUDIT BY THE BUREAU OF INTERNAL REVENUE.

10
11 (B) TAXES ON WINNINGS. – EVERY PERSON WHO WINS IN HORSE
12 RACING SHALL PAY A TAX EQUIVALENT TO TEN PERCENT (10%) OF HIS
13 WINNINGS OR DIVIDENDS, THE TAX TO BE BASED ON THE ACTUAL AMOUNT
14 PAID TO HIM FOR EVERY WINNING TICKET AFTER DEDUCTING THE COST OF
15 THE TICKET: *PROVIDED*, THAT IN THE CASE OF WINNINGS FROM DOUBLE
16 FORECAST/QUINELLA AND TRIFECTA BETS, THE TAX SHALL BE FOUR PERCENT
17 (4%), AND IN THE CASE OF WINNING RACE HORSES, THE TAX SHALL BE TEN
18 PERCENT (10%) OF THE PRIZE: *PROVIDED, FURTHER*, THAT WINNINGS
19 AMOUNTING TO TEN THOUSAND PESOS (P10,000) OR LESS SHALL BE EXEMPT.

20
21 THE TAXES HEREIN PRESCRIBED SHALL BE DEDUCTED FROM THE
22 DIVIDENDS CORRESPONDING TO EACH WINNING TICKET OR THE PRIZE OF
23 EACH WINNING RACE HORSE OWNER AND WITHHELD BY THE OPERATOR,
24 MANAGER OR PERSON IN CHARGE OF THE HORSE RACES BEFORE PAYING THE
25 DIVIDENDS OR PRIZES TO THE PERSONS ENTITLED THERETO.

26
27 THE OPERATOR, MANAGER OR PERSON IN CHARGE OF HORSE RACES
28 SHALL, WITHIN TWENTY (20) DAYS FROM THE DATE THE TAX WAS DEDUCTED
29 AND WITHHELD IN ACCORDANCE WITH THE PRECEDING PARAGRAPH, FILE A
30 TRUE AND CORRECT RETURN WITH THE COMMISSIONER OF INTERNAL
31 REVENUE IN THE MANNER OR FORM PRESCRIBED BY THE SECRETARY OF
32 FINANCE, AND PAY WITHIN THE SAME PERIOD THE TOTAL AMOUNT OF TAX SO
33 DEDUCTED AND WITHHELD.

34
35 **SEC. [10] 11. Term of Franchise.** – This franchise shall be in effect for a period of
36 twenty-five (25) years from the date of the effectivity of this Act, unless sooner cancelled.
37 This franchise shall be deemed *ipso facto* revoked in the event that the grantee fails to comply
38 with any of the following conditions:

- 39
40 (a) commencement of operations within three (3) years from the approval of its operating
41 permit by the PHILRACOM;
42 (b) commencement of operations within five (5) years from the effectivity of this Act; and
43 (c) continuous operation for two (2) years.

44
45 ~~[SEC. 11. Renewal or Extension of Franchise. – The grantee shall apply for the renewal~~
46 ~~or extension of its franchise three (3) years before its expiration which shall be reckoned from~~
47 ~~fifteen (15) days after the publication of the franchise in the Official Gazette or in a newspaper~~
48 ~~of general circulation, whichever comes earlier.]~~

1 **SEC. 12. Warranty in Favor of the National and Local Governments.** - The grantee
2 shall hold the national, provincial, city, and municipal governments of the Philippines free
3 from all claims, liabilities, demands, or actions arising out of accidents causing injury to
4 persons or damage to properties, during the construction or operation of the racetrack of the
5 grantee.
6

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

21 **SEC. 14. Dispersal of Ownership.** – The grantee shall offer at least thirty percent (30%)
22 of its [~~common~~] OUTSTANDING CAPITAL stocks, or a higher percentage that may
23 hereafter be provided by law, in any securities exchange in the Philippines within five (5) years
24 from the effectivity of this Act: *Provided*, That in cases where public offer of shares is not
25 applicable, other methods of encouraging public participation by citizens and corporations
26 must be implemented. Noncompliance therewith shall render the franchise ipso facto
27 revoked.
28

29 **SEC. 15. Reportorial Requirement.** – The grantee shall submit an annual report to the
30 Congress of the Philippines, through the Committee on Legislative Franchises of the House of
31 Representatives and the Committee on Public Services of the Senate, on its compliance with
32 the terms and conditions of the franchise and on its operations on or before April 30 of every
33 year during the term of its franchise.
34

35 The annual report shall include an update on the roll-out, development, operation or
36 expansion of business; audited financial statements; latest General Information Sheet
37 officially submitted to the Securities and Exchange Commission, if applicable; and certification
38 of the PHILRACOM and the GAB on the status of its permits and operations.
39

40 The reportorial compliance certificate issued by Congress shall be required before any
41 application for permit or certificate is accepted by the PHILRACOM and the GAB.
42

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

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

7 **SEC. 18. *Repealability and Non-exclusivity Clause.*** – This franchise shall be subject
8 to amendment, alteration, or repeal by Congress when the public interest so requires and
9 shall not be interpreted as an exclusive grant of the privileges herein provided for.

10 **SEC. 19. *Separability Clause.*** – If any of the sections or provisions of this Act is held
11 invalid, all other provisions not affected thereby shall remain valid.

12 **SEC. 20. *Repealing Clause.*** – All laws, decrees, orders, resolutions, instructions, rules
13 and regulations, and other issuances or parts thereof which are inconsistent with the
14 provisions of this Act are hereby repealed, amended, or modified accordingly.

15 **SEC. 21. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
16 the Official Gazette or in a newspaper of general circulation.

Approved,