

THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Third Regular Session

6 SEP -4 P5:43

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 93

Submitted by the Committees on Public Services, Games, Amusement and Sports; and Ways and Means on 04 SEP 2006

Re : House Bill No. 4487

Recommending its approval without amendment.

Sponsors: Senators Arroyo, Lapid and Recto

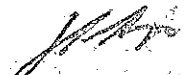
MR. PRESIDENT:


The Committees on Public Services, Games, Amusement and Sports; and Ways and Means, to which was referred House Bill No. 4487, introduced by Representatives Nograles, Garcia (V.), Lopus and Almarín, entitled:

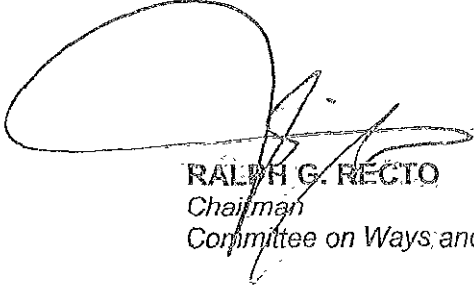
**"AN ACT
GRANTING THE MINDANAO JOCKEY AND COUNTRY CLUB, INC., A
FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK
FOR HORSE RACING IN DAVAO CITY"**

have considered the same and have the honor to report it back to the Senate with the recommendation that it be approved without amendment.

Respectfully submitted:


JOKER P. ARROYO
Chairman
Committee on Public Services


MANUEL "LITO" M. LAPID
Chairman
Committee on Games, Amusement
and Sports


RALPH G. RECTO
Chairman
Committee on Ways and Means

Members:

Committee on Public Services:



RALPH G. RESTO



MAR ROXAS



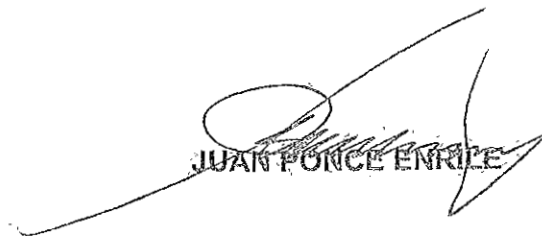
RICHARD J. GORDON



PIA CAYETANO
"COMPAÑERA" PIA CAYETANO



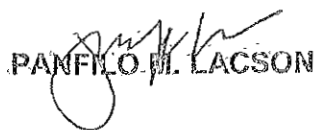
FRANKLIN M. DRILON



JUAN PONCE ENRILE



EDGARDO J. ANGARA



PANFILO M. LACSON

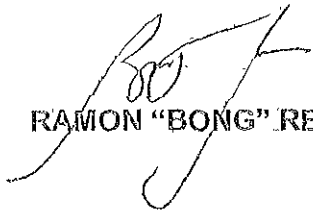


SERGIO OSMEÑA III



M.A. MADRIGAL

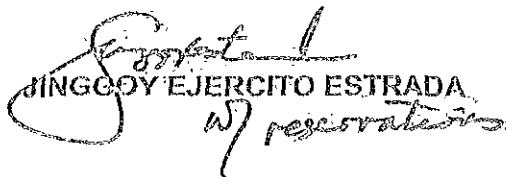
Committee on Games, Amusement and Sports:


RAMON "BONG" REVILLA JR.


MAR ROXAS


RODOLFO G. BIAZON.


JOKER P. ARROYO


JINGCOY EJERCITO ESTRADA.
w/ reservations


PANFILO M. LACSON

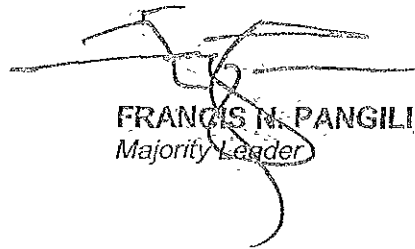

ALFREDO S. LIM


SERGIO OSMEÑA III

Ex-Officio Members:



JUAN M. FLAVIER
Pro Tempore



FRANCIS N. PANGILINAN
Majority Leader



AQUILINO Q. PIMENTEL JR
Minority Leader

Hon. MANNY VILLAR
President
Senate of the Philippines
Pasay City



HOUSE OF REPRESENTATIVES

H. No. 4487

BY REPRESENTATIVES NOGRALES, GARCIA (V.), LAPUS AND ALMARIO

AN ACT GRANTING THE MINDANAO JOCKEY AND COUNTRY CLUB, INC. A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK FOR HORSE RACING IN DAVAO CITY

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

1 SECTION 1. *Nature and Scope of Franchise* – Any provision of law to
2 the contrary notwithstanding, there is hereby granted to the Mindanao Jockey
3 and Country Club, Inc., a corporation duly organized and registered under the
4 laws of the Philippines, hereinafter referred to as the grantee, its assigns or
5 successors, the right, privilege and authority to construct, operate and maintain
6 one racetrack in Davao City, establish such branches thereof for booking
7 purposes anywhere in the Philippines, and hold or conduct horse races with
8 bettings on the results of the races, either directly or by means of any
9 mechanical, electrical and/or computerized totalizator, including, but not

1 limited to, satellite wagering, and to do and carry out all such acts, deeds and
2 things as may be necessary to give effect to the foregoing: *Provided*, That the
3 establishment of off-track betting stations anywhere in the country shall be
4 subject to the approval consent of the local government units where the off-
5 track betting station shall be established, and in case of a municipality or
6 component city, approval or consent of the provincial government shall
7 likewise be obtained.

8 SEC. 2 *Authority of the Philippine Racing Commission and the Games*
9 *and Amusement Board (GAB)* – The races to be conducted by the grantee
10 shall be under the supervision and regulation of the Philippine Racing
11 Commission, which shall enforce the laws, rules and regulations governing
12 horse racing, including the framing and scheduling of races, the construction
13 and safety of racetracks, the allocation of prices for winning horses and the
14 security of racing. All racing officials and personnel of the grantee shall be
15 duly licensed by the Philippine Racing Commission pursuant to Presidential
16 Decree No. 420, as amended: *Provided*, That the personnel directly involved
17 in betting shall be licensed by the GAB, and the GAB shall continue to
18 supervise and regulate the betting in horse races as provided in Sections 6, 11,
19 15, 18 and 24 of Republic Act No. 309 or the Act to Regulate Horse Racing in
20 the Philippines, as amended.

1 SEC. 3. *Term of Franchise.* -- This franchise shall be for a term of
2 twenty-five (25) years from the date of effectivity of this Act. The grantee
3 shall secure from the Department of Environment and Natural Resources, the
4 Department of Land Reform and such other government agencies concerned
5 the necessary environmental compliance certificate and other permits for the
6 construction of its racetrack within three years from the effectivity of this Act.
7 The grantee shall commence operation within three years from the start of such
8 construction.

9 SEC. 4. *Computerized and or Mechanical Devices.* -- The grantee shall
10 provide and operate, and is hereby authorized to do and carry out all such acts,
11 deeds and things as may be necessary for the effective conduct of the business
12 under this franchise, and to achieve an orderly, clean and honest horse racing
13 in the conduct thereof, the grantee shall in particular, provide and operate any
14 mechanical, electrical and/or computerized devices, equipment and facilities,
15 including, but not limited to:

16 (a) Photo patrol and or other electronic devices or camera;

17 (b) Automatic starter;

18 (c) Photo finish devices.

19 (d) Facilities or devices for tattoo branding of horses for proper
20 identification;

21 (e) Facilities, laboratories and instruments for testing drugs;

1 (f) Weighing machines and devices for measurement of horses;

2 (g) Electric and/or computerized totalizator;

3 (h) Machines directly connected to a computer in a display board for
4 the sale of tickets including those sold in off-track betting stations;

5 (i) Modern sound system and loud speaker facilities,

6 (j) Modern telecommunications, satellite facilities and broadcasting
7 equipment and facilities, whether at the grantee's tracks or off-track betting
8 stations, for receiving and transmitting, whether live or otherwise, messages,
9 signals and pictures by any means now known or which in the future may be
10 developed for the reception and transmission of messages, signals and pictures
11 relating to the betting system, the actual conduct of horse races, the
12 announcements of winning numbers and dividends paid or to be paid thereon,
13 and any other form of information relating to the conduct and promotion of
14 horse races within or outside the Philippines;

15 (k) Continuous and back-up power supply, and such other instruments,
16 devices, equipment, facilities and systems;

17 (l) Facilities that will bring safety, security, comfort and convenience
18 to the public; and

19 (m) Such other facilities, devices and instruments that will ensure clean,
20 honest and orderly racing, betting on horse races. In case of failure to provide
21 and install any of the abovementioned equipment or facilities within the three-

1 year period, the Philippine Racing Commission shall forthwith suspend and
2 prohibit the holding of races by the grantee until such time as the said
3 equipment or facilities are provided and installed.

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

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

18 *SEC. 6. Penalties* – Any person or persons found to have violated the
19 provisions of the aforementioned section shall be punished by a fine of not less
20 than Twenty thousand pesos (P20,000.00) but not more than One hundred
21 thousand pesos (P100,000.00) or by imprisonment of a minimum of six months

1 and a maximum of one year, or both, at the discretion of the court. If the
2 offender is a corporation, partnership or association, the criminal liability shall
3 devolve upon its president, managing partner or manager responsible for such
4 violation

5 SEC. 7. *Terms of Betting Tickets.* - The grantee shall publish and
6 display prominently and in appropriate places the terms and conditions
7 regarding the sale of betting tickets.

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

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

14 (b) Eight and one-half percent (8 ½%) shall be retained by the grantee
15 as its commission fee for conducting the horse races;

16 (c) Eight and one-half percent (8 ½%) shall be set aside for the
17 payment of stakes or prizes of win, place and show horses, and the authorized
18 bonus of jockeys; and

19 (d) One percent (1%) shall be set aside for the use of the Philippine
20 Racing Commission: *Provided*, That in the case of gross receipts derived from

1 the total sale for pari-mutuel races, the one percent (1%) government share
2 shall be set aside for the use of the GAB.

3 SEC. 9. *Breakage.* – The receipts from the betting corresponding to the
4 fractions of less than Ten centavos (P0.10) eliminated from the dividends paid
5 to the winning tickets, commonly known as breakage, shall be set aside as
6 follows:

7 (a) Fifty percent (50%) for the benefit of the Philippine Racing
8 Commission, subject to the condition that the funds shall be used exclusively
9 for the payment of additional prizes for the races sponsored by the Philippine
10 Racing Commission and for the necessary capital outlays and other
11 expenditures relative to horse breeding activities of the National Stud Farm;

12 (b) Twenty-five percent (25%) to the provincial or city/municipal
13 hospitals where the racetrack is located; and

14 (c) Twenty-five percent (25%) for the rehabilitation of drug addicts, as
15 provided in Republic Act No. 6425.

16 SEC. 10. *Schedule of Races* – The provisions of any existing law,
17 executive or administrative order to the contrary notwithstanding, the grantee
18 is hereby authorized to hold races on at least two days during the week as may
19 be determined by the Philippine Racing Commission, and all Saturdays,
20 Sundays and official holidays of the year, excluding Thursdays and Fridays of
21 the Holy Week, and those official holidays where the law expressly provides

1 that no races are to be held. The grantee may also conduct races on the eve of
2 any public holiday to start not earlier than five o'clock in the afternoon, but not
3 to exceed five days in a year. The grantee shall allocate racing days pursuant
4 to the provisions of Republic Act No. 309, as amended.

5 SEC. 11. *Tax Provision.* – The grantee, its successors or assigns shall
6 be liable to pay income tax under the National Internal Revenue Code and all
7 other tax laws applicable under the Tax Reform Act of 1997.

8 SEC. 12. *Sale, Lease, Transfer, Usufruct, Etc.* – The grantee shall not
9 lease, transfer, grant the usufruct of, sell nor assign or otherwise dispose of the
10 rights and privileges acquired hereunder to any person, firm, company,
11 corporation or other commercial or legal entity, nor merge with any other
12 corporation or entity organized for the same purpose without the approval of
13 the Congress of the Philippines. Any person or entity to which this franchise
14 is sold, transferred or assigned shall be subject to the same conditions, terms,
15 restrictions and limitations of this Act.

16 SEC. 13. *Dispersal of Ownership.* – The grantee shall offer at least
17 thirty percent (30%) of its outstanding capital stock or a higher percentage that
18 may hereafter be provided by law in any securities exchange in the Philippines
19 within ten (10) years from the time of the effectivity of this Act.
20 Noncompliance therewith shall render the franchise *ipso facto* revoked.

1 SEC. 14. *Warranty in Favor of National and Local Governments.* --

2 The grantee shall hold the national, provincial and municipal governments of
3 the Philippines free from all claims, accounts, demands or actions arising out
4 of accidents or injuries, whether to property or persons, caused by the
5 construction or operation of the racetracks of the grantee.

6 SEC. 15. *Acceptance and Compliance* -- Acceptance of this franchise
7 shall be given in writing within sixty (60) days after the effectivity of this Act.

8 Upon giving such acceptance, the grantee shall exercise the privileges granted
9 under this Act. Nonacceptance shall render the franchise void.

10 SEC. 16. *Reportorial Requirement* -- The grantee shall submit an
11 annual report to the Congress of the Philippines on its compliance with the
12 terms and conditions of the franchise and on its operations within sixty (60)
13 days from the end of every year.

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

17 SEC. 18. *Repealability and Nonexclusivity Clause.* -- This franchise
18 shall be subject to amendment, alteration or repeal by the Congress of the
19 Philippines when the public interest so requires and shall not be interpreted as
20 an exclusive grant of the privileges herein provided for.

1 SEC. 19. *Effectivity* – This Act shall take effect fifteen (15) days from
2 the date of its publication in at least two newspapers of general circulation in
3 the Philippines.

Approved,

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