

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

17th CONGRESS

Second Regular Session

House Bill No. **6802**



AN ACT
GRANTING THE METRO MANILA TURF CLUB, INC., A FRANCHISE TO
CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK FOR
HORSERACING ANYWHERE IN REGION IV-A (CALABARZON),
CONSISTING OF THE PROVINCES OF CAVITE, LAGUNA, BATANGAS,
RIZAL AND QUEZON AND THE CITY OF LUCENA

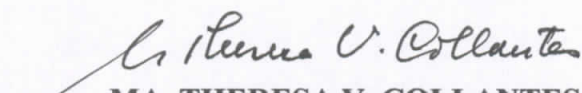
EXPLANATORY NOTE

Horseracing is one of the most ancient of all sports. It dates back to Ancient Greece, Babylon, Syria and Egypt. Its basic premise – to identify which of two or more horses is the fastest over a set course or distance – has remained unchanged since the earliest times. In the Philippines, it began as a recreational activity in 1867. Its history is divided into three major time periods based on the breed of horses raced, in conjunction with the three significant eras of Philippine history - the Philippine-pony era (1867–1898), the Arabian-horse era (1898–1930), and the Thoroughbred era (1935–present).

There are 3 horseracing tracks in the country today. Metro Manila Turf Club, Inc., (MMTCI) operates one of them. Congress granted MMTCI a horseracing franchise on April 22, 1995 through Republic Act No. 7978, as amended by Republic Act No. 8298. The term thereof will expire on April 22, 2020.

MMTCI is, therefore, requesting for a new grant of its horseracing franchise for a term of another 25 years. This will enable it to continue serving the country with orderly, clean and honest horseracing, anywhere in Region IV-A (CALABARZON).

Approval of this bill is, therefore, earnestly requested.


MA. THERESA V. COLLANTES
3rd District, Batangas Province

HON. BENHUR L. SALIMBANGON
4th District, Cebu Province

HON. JONAS C. CORTES
6th District, Cebu Province

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

17th CONGRESS

Second Regular Session

House Bill No. **6802**

Introduced by

Rep. Ma. Theresa V. Collantes, 3rd District, Batangas Province, Rep. Benhur L. Salimbangon, 4th District, Cebu, and Hon. Jonas C. Cortes, 6th District, Cebu

AN ACT

GRANTING THE METRO MANILA TURF CLUB, INC., A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK FOR HORSERACING ANYWHERE IN REGION IV-A (CALABARZON), CONSISTING OF THE PROVINCES OF CAVITE, LAGUNA, BATANGAS, RIZAL AND QUEZON AND THE CITY OF LUCENA

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

SECTION 1. Nature and Scope of Franchise. - Any provision of law to the contrary notwithstanding, there is hereby granted to the Metro Manila Turf Club, Inc., a corporation duly organized and registered under the laws of the Philippines, hereinafter called the grantee, its assigns or successors, the right, privilege and authority to construct, operate and maintain one (1) racetrack for horseracing anywhere in Region IV-A (CALABARZON), consisting of the Provinces of Cavite, Laguna, Batangas, Rizal and Quezon, and the City of Lucena, establish branches thereof for booking purposes and hold or conduct horse races therein with bettings either directly or by means of mechanical, electric and/or computerized totalizator and to do and carry out all acts, deeds and things as may be necessary to give effect to the foregoing: *Provided*, That, in case of the transfer of the racetrack from the Municipality of Malvar and the City of Tanauan, Batangas Province, the same shall be subject to the approval of the host province or city/municipality to where it would transfer, through a public hearing to be conducted by the local government unit concerned.

SEC. 2. Authority of the Philippine Racing Commission and the Games and Amusement Board. - The races to be conducted by the grantee shall be under the supervision and regulation of the Philippine Racing Commission, which shall enforce the laws, rules and regulations governing horse racing, including the framing and scheduling of races, the construction and safety of the racetrack, the allocation of prizes of winning horses, and the security of racing as provided in Presidential Decree No. 420, as amended: *Provided*, That the Games and Amusement Board shall continue to supervise and regulate betting in horse races as provided in Sections 6, 8, 11, 15 and 24 of Republic Act No. 309, as amended.

SEC. 3. Term of Franchise. - This franchise shall have a term of twenty-five (25) years counted from the date of the expiration of Republic Act No. 7978, entitled: AN ACT GRANTING THE METRO MANILA TURF CLUB, INC., A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK FOR HORSE RACING IN THE CITY OF KALOOKAN", as amended by Republic Act No. 8298, entitled: AN ACT AMENDING REPUBLIC ACT NUMBERED SEVENTY-NINE HUNDRED SEVENTY-EIGHT, ENTITLED: 'AN ACT GRANTING THE METRO MANILA TURF CLUB, INC., A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK FOR HORSE RACING IN THE CITY OF KALOOKAN"', which is in April, 2020.

SEC. 4. Offering, Taking or Arranging Bet for Races. - The grantee or its duly authorized agents may

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

SEC. 5. Penalties. - Any person or persons found to have violated the provisions of the aforementioned section shall be punished by a fine of not less than Twenty thousand pesos (P 20,000.00) but not more than One hundred thousand pesos (P100,000.00) or by imprisonment for not more than six (6) months, or both in the discretion of the court. If the offender is a partnership, corporation, or association, the criminal liability shall devolve upon its president, managing partner or manager responsible for the violation.

SEC. 6. Use of Computerized and/or Mechanical Devices. - The grantee is hereby authorized to do and carry out all such acts, deeds and thing as may be necessary for the effective conduct of the business granted under this franchise in an orderly, clean and honest manner, and, in particular, to provide and operate any mechanical, electrical, electronic and/or computerized devices, equipment and facilities, including but not limited to:

- (a) photo patrol and/or other electronic devices or cameras;
- (b) automatic starter;
- (c) electrical, electronic and computerized totalizator;
- (d) photo finish devices;
- (e) machine, directly connected to a computer in a display board, for the sale of tickets, including those sold from of track stations;
- (f) facilities or devices for tattoo branding of horses for their proper identification;
- (g) facilities, laboratories, and instruments for test for drugs;
- (h) weighing machines and devices for the measurement of horses;
- (i) modern sound system and loud speaker facilities;
- (j) facilities that will bring safety, security, comfort and convenience to the public;
- (k) moderntelecommunication and broadcast equipment and facilities, whether at the grantee's tracks or off-track betting stations, for receiving and transmitting, whether live or otherwise, messages, signals and pictures by any means now known or which in the future may be developed for the reception and transmission of messages, signals and pictures relating to the betting system, the actual conduct or horse races, the announcement of winning numbers and dividends paid or to be paid thereon, and any other information, relating to the conduct and promotion of horse races within or outside the Philippines;
- (l) Continuous back-up power supply and such other instruments, devices, equipment, facilities and systems; and
- (m) Such other facilities, devices or instruments that will ensure clean, orderly and honest racing, betting on horse races or derivative games within three (3) years from the effectivity of this Act.

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

The Games and Amusements Board shall assign its auditors and/or inspectors to supervise and regulate the placing of bets, the proper computation of dividends and the distribution of wager funds.

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

- (a) Eighty-two per centum (82%) shall be distributed in the form of dividends among the holders of winning tickets whether from *pari-mutuel*, daily double, forecast, *llave*, *quenella*, *trifecta*, exotics or any other manner of betting;
- (b) Eight and one-half percent (8½%) shall be retained by the grantee as its commission/fee for conducting the races;
- (c) Eight and one-half percent (8½%) shall be set aside for the payment of stakes or prizes of win, place and show horses and authorized bonuses for jockeys;
- (d) One-half percent (1/2%) shall be set aside for the use of the Philippine Racing Commission: provided, that in the case of the gross receipts derived from the total sale of *pari-mutuel* races, the one percent (1%) government share shall be set aside for the use of the Games and Amusement Board, 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 percent (1/2%) shall be set aside for the operation of drug testing for personnel, jockeys, trainers and horses and rehabilitation of the racing facilities of the grantee.

SEC. 9. Breakage. The receipts from betting corresponding to the fraction of less than Ten centavos (P 0.10) eliminated from the dividends paid to the winning tickets, commonly known as breakage, shall be set aside as follows:

- (a) Fifty percent (50%) for the benefit of the Philippine Racing Commission, subject to the condition that the funds shall be used exclusively for the payment of additional prizes for races sponsored by the Philippine Racing Commission, for the necessary capital outlays and for expenditures relative to horse breeding activities of the National Stud Farm;
- (b) Twenty-five percent (25%) to the provincial or city/municipal hospitals where the racetrack is located; and
- (c) Twenty-five percent (25%) for the rehabilitation of drug addicts, as provided in Republic Act No. 6425.

SEC. 10. Schedule of Races. - The provisions 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 Philippine Racing Commission, 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 holiday 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. 11. Documentary Stamps. On each horse racing ticket, there shall be collected a documentary stamp tax of Ten centavos (P0.10): *Provided*, That if the cost of the ticket exceeds One peso (P1.00), an additional tax of Ten centavos (P 0.10) on every One peso (P 1.00) or fractional part thereof shall be collected. : *Provided*, further, That in the case of double forecast/*quinella* and *trifecta* bets, the tax shall be Five centavos (P0.05) on every One pesos (P1.00) worth of ticket.

SEC. 12. Taxes on Winnings. - Every person who wins in horse racing shall pay a tax equivalent to ten percent (10%) of his winnings or dividends, the tax to be based on the actual amount paid by him for every winning ticket after deducting the cost of the ticket: provided, that in the case of the winnings from double, forecast/*quenella* and *trifecta* bets, the tax shall be four percent (4%), and in the case of

winning race horses, the tax shall be ten percent (10%) of the prize.

The taxes herein prescribed shall be deducted from the dividends corresponding to each winning ticket or the prize of each winning racehorse owner and withheld by the operator, manager or person in charge if the horse races before paying the dividends or prizes to the persons entitled thereto.

The operator, manager or person in charge of horse races shall, within twenty (20) days from the date the tax was deducted and withheld in accordance with the preceding paragraph, file a true and correct return with the Commissioner of Internal Revenue in the manner or form prescribed by the Secretary of Finance, and pay within the same period the total amount of tax so deducted and withheld.

SEC. 13. Acceptance and Compliance. — Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Non-acceptance thereof shall render the franchise void.

SEC. 14. Warranty in Favor of National and Local Government. — The grantee shall hold the national, provincial, city and municipal governments free and harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the racetrack of the grantee.

SEC. 15. *Non-transferability of Franchise.* — The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines: *Provided*, That the foregoing limitation shall not apply to: (a) any transfer or issuance of shares to any investor pursuant to or in connection with any increase in the grantee's authorized capital stock which shall result in the dilution of the stockholdings of the grantee's then existing stockholders; (b) any transfer or sale of shares of stock to an investor or investors; (c) any sale, transfer or assignment by the stockholders of the grantee in favor of a holding company whose stockholders are identical to the stockholders of the grantee; (d) any combination thereof where such transfer, sale or issuance is effected in order to enable the grantee to raise the necessary capital or financing for the provision of any services authorized by this Act and/or carry out any of the purposes for which the grantee has been incorporated or organized. Any person or entity to which this franchise is validly sold, transferred or assigned, shall be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 16. *Equality Clause.* — Any advantage, favor, privilege, exemption, or immunity granted under existing franchises for horse racing, or which may hereafter be granted, shall *ipso facto* become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided*, however, That the foregoing shall neither apply to nor affect provisions of horse racing franchises concerning territory covered by the franchise, and the life span of the franchise.

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

SEC. 18. 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. It shall not be interpreted as an exclusive grant of the privileges herein provided for.

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

Approved, _____.