

Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. **8073**



INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

Horse racing has been conducted in the Philippines for more than 150 years, one of the very first countries in the Far East to have welcomed the “Sport of Kings,” which today has grown by leaps and bounds in most of Asia, most notably in Japan, Singapore, Hong Kong and Korea.

Unfortunately, the same vibrant development of the sport in Asia has not happened in the Philippines notwithstanding its rich history and tradition. Its popularity as a spectator sport has been on a continuing decline for the past decade and many of its loyal fan base, the racing aficionados, have found alternate forms of sports-entertainment, leaving to doubt the future of horse racing and the vast industry it supports.

Amidst this huge challenge, a vibrant group of industry stalwarts, established and multi-awarded horse owners and horse breeders, are determined to bring horse racing back to its glory days. They intend to accomplish this lofty objective by providing a better alternative to addressing the major concerns of the local horse racing industry through fresh investments and innovation.

To accomplish this task, the group has already secured 50 hectares of property along a national highway to set-up their new racing facility, highlighted by three international-grade racetracks, two of which shall be dedicated exclusively for training and one premiere track for actual racing, capable of hosting events for both daytime and nighttime races.

The new racing complex will also include state-of-the-art stabling facilities for at least 1,200 horses, with support facilities for the proper storage of feeds (feed bins), lodging for stable hands, farrier services and 24/7 on-call veterinary services and emergency facilities for the proper care of horses. A modern equine pool shall also be set-up adjacent to the stabling grounds as alternate facility for the conditioning and rehabilitation of horses.

To promote the conduct of the sport to a much larger audience of racing fans, the new club will also invest in state-of-the-art broadcast facilities that could transmit live nationwide telecast of the races through cable, satellite and via the internet. These live broadcast of races will also be made available in strategically located Off-Track Betting (OTB) sites in major towns and cities nationwide with the support of host LGUs.

In addition, online betting and telephone betting shall also be made available for racing fans in the comforts of their home, as well as, in major sports bars, hotels and resorts throughout the country.

It is the ultimate goal of the Hapi Jockey Club, Inc. to uphold its role as the vanguard of the sports' revered tradition, as well as, to become the catalyst of progress and innovation for the P30-Billion industry that has stagnated for a very long time.

As a group with a proven record of leadership and excellence in the sport, the Hapi Jockey Club, Inc. is spearheaded by renowned sports' patron Aristeo "Putch" Puyat, prime mover of the Philippines' rise in the sport of international billiards, an accomplished horse owner and breeder and a long time leader of the horse owners' association. He will be joined by a vibrant group of dedicated horse owners and breeders with recognized achievements in the sport, including owners and breeders of recent racing champions, SC Stockfarm, Bell Racing, Jade Bros Farms and R. Puyat Stables.

Given that the future of Philippine horse racing currently hangs in a balance, we wish to propose that the plans and vision of the Hapi Jockey Club Inc. be favorably endorsed by way of the approval of its application for a legislative franchise to construct, operate and maintain race tracks for the conduct of horse racing in the Philippines.



XAVIER JESUS D. ROMUALDO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

Second Regular Session
HOUSE BILL NO. 8073

INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

AN ACT
GRANTING 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:

SECTION 1. *Nature and Scope of Franchise.* — Subject to the provisions of the Constitution and applicable laws, rules, and regulations, there is hereby granted to Hapi Jockey Club, Inc., hereunder referred to as the grantee, its successors or assignees, a franchise to construct, operate, and maintain a race track within the provinces of Batangas, Laguna, or Cavite, establish branches thereof for booking purposes anywhere in the country, hold or conduct horse races with betting on the results of such races directly or by means of mechanical, electrical, or computerized totalizator, and do and carry out all such acts, deeds, and things as may be necessary to give effect to all the foregoing, for twenty-five (25) years from the effectivity of this Act.

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 (PHILRACOM), which shall enforce the laws, rules, and regulations governing horse racing, including the framing and scheduling of races, the construction and safety of race tracks, the allocation of prizes of winning horses, and the security of racing, as provided under Presidential Decree No. 420, as amended: *Provided, That the Games and Amusement Board (GAB) shall continue to supervise and regulate betting in horse races as provided under Sections 6, 8, 11, 15, and 24 of Republic Act No. 309, as amended.*

SEC. 3. *Offering, Taking, or Arranging Bets for Races.* — The grantee, or its duly authorized agent, 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 horse races are held, in on-track or off-track betting stations, a day in advance of and during scheduled 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 any 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 or operated by the grantee.

SEC. 4. *Penalties.* — Any person or persons found to have violated the provisions of the aforementioned section shall be penalized with a fine of not less than Twenty Thousand Pesos (P20,000.00) but not more than One Hundred Thousand Pesos (P100,000.00) or with imprisonment of not more than six (6) months, or with both, at 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 such violation.

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

- (a) Photo patrol and other electronic devices or cameras;
- (b) Automatic starter;
- (c) Electrical, electronic, and computerized totalizator;
- (d) Photo finish devices;
- (e) Machines directly connected to a computer in a display board for the sale of tickets, including those sold from off-track betting stations;
- (f) Facilities or devices for tattoo branding of horses for their proper identification;
- (g) Facilities, laboratories, and instruments for testing for drugs;
- (h) Weighing machines and devices for measurement of horses;
- (i) Modern sound systems and loud speaker facilities;
- (j) Facilities that will bring safety, security, comfort, and convenience to the public;
- (k) Modern telecommunications 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 of 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 and backup power supply and such other instruments, devices, equipment, facilities, and system; and
- (m) Such other facilities, devices, or instruments that will insure clean, orderly, and honest racing, betting, or derivative games.

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

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 funds or gross receipts from the sale of betting tickets shall 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 (8.5%) shall be retained by the grantee as its commission or fee for conducting the horse races;
- (c) Eight and one-half percent (8.5%) 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 (0.5%) shall be set aside for the use of the PHILRACOM: *Provided*, That, in the case of gross receipts derived from the total sale of pari-mutuel races, the one-half percent (0.5%) government share shall be set aside for the 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 percent (0.5%) shall be set aside for the operation of drug testing facilities for personnel, jockey, 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 (P.10) eliminated from the dividends paid to the winning tickets, commonly known as breakage, shall be set aside 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 outlays and for expenditures relative to horse breeding activities of the National Stud Farm;
- (b) Twenty-five percent (25%) to the city or municipality where the race track is located; and
- (c) Twenty-five percent (25%) for the rehabilitation of drug addicts under Republic Act No. 9165, 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 holiday to start not earlier than five-thirty (5:30) 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. *Warranty in Favor of the National Government and Local Government.* — The grantee shall hold the national, provincial, city, and municipal governments of the Philippines free from all claims, liabilities, demands, or actions arising out of accidents causing injury to persons or damage to property during the construction or operation of the race track of the grantee.

SEC. 11. *Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.* — The grantee shall not sell, lease, transfer, grant the usufruct of 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 person, firm, company, corporation or entity without the prior approval of the Congress of the Philippines. The Congress shall be informed of any sale, lease, transfer, grant of usufruct, or assignment of this franchise, or the rights and

privileges acquired thereunder, or of the merger or transfer of the controlling interest of the grantee, within sixty (60) days after the completion of the transaction. The failure to inform the Congress, as provided hereunder, shall render this franchise *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

SEC. 12. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress of the Philippines, through the Committee on Legislative Franchises of the House of Representatives and the Committee on Public Services of the Senate, on its compliance with the terms and conditions of the franchise and on its operations on or before April 30 of every year during the term of its franchise.

The annual report shall include an update on the roll-out, development, operation, and expansion of the grantee's business, its audited financial statement, its latest General Information Sheet officially submitted to the Securities and Exchange Commission, and certifications from the PHILRACOM and the GAB on the status of its permits and operations.

The reportorial compliance certificate issued by the Congress shall be required before any application for permit, certificate, or any equivalent thereof, of the grantee is accepted by the PHILRACOM and the GAB.

SEC. 13. *Fine.* – The failure on the part of the grantee to submit the required annual report to the Congress of the Philippines shall be penalized with a fine of Five hundred pesos (P500.00) per working day of non-compliance. The fine shall be collected by the PHILRACOM from the grantee separate from the reportorial penalties imposed by it, if any, and the same shall be remitted to the National Treasury.

SEC. 14. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted for horse racing, upon prior review and approval of the Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the grantee: *Provided*, That the foregoing shall neither apply to nor affect provisions of horse racing franchises concerning territorial coverage, the term, or the type of service authorized under this franchise.

SEC. 15. *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.

SEC. 16. *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. 17. *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. 18. *Effectivity.*— This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,