

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

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Senate
Office of the Secretary

20 JUN 17 P3:14

SENATE
S.B. No. 1599

RECEIVED

Introduced by SEN. WIN GATCHALIAN

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

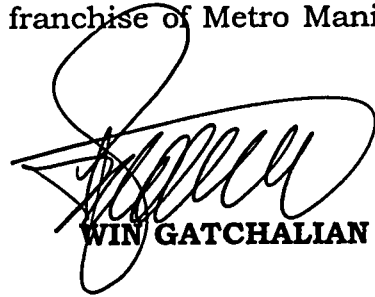
EXPLANATORY NOTE

Horseracing has evolved to become part of the Philippine culture and tradition since the founding of the Manila Jockey Club in 1867. It has thrived as a mode of recreation and sports for a number of Filipinos, thereby, creating an industry that contributes tax revenues and provides livelihood to about 10,000 individuals, who are employed by the racing clubs, stables, breeding farms and other horseracing-related businesses. It also continues to enjoy the support of the masses earning around Php5 billion in sales and revenues in 2019, thereby making the industry a reliable source of tax revenues for the government.

Metro Manila Turf Club Inc. (Metro Turf) is one of the three horseracing clubs licensed to conduct, maintain and operate racetrack facilities for horse racing in the country pursuant to Republic Act No. 7978, as amended by Republic Act No. 8298. Its franchise was approved on April 22, 1995 to boost

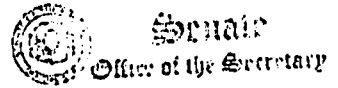
the local horseracing industry and attract more local and foreign race enthusiasts. On June 6, 1997, Republic Act No. 8298 amended MetroTurf's franchise authorizing it to construct, operate and maintain race track in the City of Caloocan or anywhere within the provinces of Batangas, Cavite, Laguna and Rizal.

To enable it to continue providing world-class and innovative racing facilities equipped with orderly, clean and honest horseracing in the country, the passage of this bill renewing the term of the franchise of Metro Manila Turf Club Inc. is earnestly sought.



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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

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

1 **SECTION 1. Nature and Scope of Franchise.** – Subject to the provisions
2 of the Constitution and applicable laws, rules and regulations, the franchise
3 granted to the Metro Manila Turf Club, Inc., hereinafter referred to as the
4 grantee, its successors and assignees, under Republic Act No. 7978, as amended
5 by Republic Act No. 8298, to construct, operate, and maintain one racetrack in
6 the City of Caloocan, or anywhere within the provinces of Batangas, Cavite,
7 Laguna, Rizal and Quezon, establish branches thereof for booking purposes, and
8 hold or conduct horse races with betting, on the results of the races either
9 directly or by means of any mechanical, electrical, and/or computerized
10 totalizator, and to do and carry out all such acts, deeds and things as may be

1 necessary to give effect to the foregoing, is hereby renewed for another twenty-
2 five (25) years from the effectivity of this Act.

3
4 **SEC. 2. Authority of the Philippine Racing Commission and the**
5 **Games and Amusement Board.** - The races to be conducted by the grantee
6 shall be under the supervision and regulation of the Philippine Racing
7 Commission (PHILRACOM), which shall enforce the laws, rules and regulations
8 governing horse racing, including the framing and scheduling of races, the
9 construction and safety of racetracks, the allocation of prizes for winning horses,
10 and the security of racing as provided in Presidential Decree No. 420, otherwise
11 known as "Creating the Philippine Racing Commission," as amended: Provided,
12 That the Games and Amusements Board (GAB) shall continue to supervise and
13 regulate betting in horse races as provided in Sections 6, 8, 11, 15, and 24 of
14 Republic Act. No. 309, otherwise known as "An Act to Regulate Horse-Racing in
15 the Philippines," as amended.

16
17 **SEC. 3. Offering, Taking or Arranging Bet for Races.** - The grantee or
18 its duly authorized agent may offer, take or arrange bets for races conducted in
19 or outside the Philippines, in person or by any electronic or other means of
20 processing transactions, anywhere in the Philippines, whether within or outside
21 the place, enclosure, or track where horse races are held, in on-track or off-track
22 betting stations, with respect to races held or conducted within or outside the
23 Philippines. No other entity or person other than the grantee or its duly
24 authorized agents or licensees shall offer, take or arrange bets on any horse
25 participating in any race conducted by the same, or maintain or use a totalizator
26 or other device, method or system to bet on any horse within its premises or
27 outside the same place, enclosure, or track in the course of horse races
28 conducted or operated by the grantee.

29
30 **SEC. 4. Penalties.** - Any person or persons found to have violated the
31 provisions of the preceding section shall be punished by a fine of not less than

1 Twenty thousand pesos (Php20,000.00) but not more than One hundred
2 thousand pesos (PhP 100,000.00), or by imprisonment of a minimum of six (6)
3 months and a maximum of one (1) year, or both, at the discretion of the court. If
4 the offender is a partnership, corporation or association, the criminal liability
5 shall devolve upon its president, managing partner or manager responsible for
6 the violation.

7
8 **SEC. 5. Use of Computerized and/or Mechanical Devices.** - The grantee
9 is hereby authorized to do and carry out all such acts, deeds and things as may
10 be necessary for the effective conduct of the business granted under this
11 franchise in an orderly, clean and honest manner, and, in particular, to provide
12 and operate any mechanical, electrical, electronic or computerized devices,
13 equipment and facilities, including the following:

- 14 a) Photo patrol and other electronic devices or cameras;
- 15 b) Automatic starter;
- 16 c) Electrical, electronic, and computerized totalizator;
- 17 d) Photo finish devices;
- 18 e) Machines directly connected to a computer in a display board for
19 the sale of tickets including those sold from off-track stations;
- 20 f) Facilities or devices for tattoo branding of horses for their proper
21 identification;
- 22 g) Facilities, laboratories and instruments for testing for drugs;
- 23 h) Weighing machines and devices for measurement of horses;
- 24 i) Modern sound systems and loud speakers facilities;
- 25 j) Facilities that will bring safety, security, comfort, and convenience
26 to the public;
- 27 k) Modern telecommunications and broadcast equipment and
28 facilities, whether at the grantee's tracks or off-track betting
29 stations, for receiving and transmitting, whether live or otherwise,
30 messages, signals and pictures by any means now known or which
31 in the future may be developed for the reception and transmission

1 of messages, signals and pictures relating to the betting system, the
2 actual conduct of horse races, the announcements of winning
3 numbers and dividends paid or to be paid thereon, and any other
4 information relating to the conduct and promotion of horse races
5 within or outside the Philippines;

6 l) Continuous and back-up power supply, and such other
7 instruments, devices, equipment, facilities and systems; and

8 m) Such other facilities, devices and instruments that will ensure clean,
9 honest racing, betting on horse races or derivative games within
10 three (3) years from the effectivity of this Act.

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

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

18
19 **SEC. 6. Terms of Betting Tickets.** - The grantee shall publish and display
20 prominently and in appropriate places the terms and conditions regarding the
21 sale of betting tickets.

22
23 **SEC. 7. Distribution of Total Wager Funds or Gross Receipts.** - The
24 total wager funds or gross receipts from the sale of betting tickets will be
25 apportioned as follows:

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

29 (b) Eight and one-half percent (8½%) shall be retained by the grantee as
30 its commission/fee for conducting the horse races;

1 (c) Eight and one-half percent (8½%) shall be set aside for the payment of
2 stakes or prizes of win, place and show horses and the authorized bonus for
3 jockeys;

4 (d) One-half percent (½%) shall be set aside for use of the PHILRACOM:
5 *Provided*, That in the case of gross receipts derived from the total sale for pari-
6 mutuel races, the one-half percent (½%) government share shall be set aside for
7 use of the GAB, to be shared equally with the Jockeys and Horse Trainers' Injury,
8 Disability, and Death Compensation Fund, created under Republic Act No. 309,
9 as amended; and

10 (e) One-half percent (½%) shall be set aside for the operation of drug testing
11 facilities for personnel, jockeys, trainers and horses and rehabilitation of racing
12 facilities of the grantee.

13
14 **SEC. 8. Breakage.** - The receipts from betting corresponding to the
15 fractions of less than Ten centavos (₱0.10) eliminated from the dividends paid to
16 the winning tickets, commonly known as breakage, shall be set aside as follows:

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

21 (b) Twenty-five percent (25%) to the city/municipal hospitals where the
22 race track is located; and

23 (c) Twenty-five percent (25%) for the rehabilitation of drug addicts as
24 provided in Republic Act. No. 6425, otherwise known as "The
25 Dangerous Drug Act of 1972," as amended.

26
27 **SEC. 9. Schedule of Races.** - The provision of any existing law to the
28 contrary notwithstanding, the grantee is hereby authorized to hold horse races
29 at least two (2) days during the week as may be determined by the PHILRACOM,
30 and on all Saturdays, Sundays and official holidays of the year, except on those
31 official holidays where the law expressly provides that no horse races are to be

1 held. The grantee may also conduct races on the eve of any public holiday to
2 start not earlier than five thirty o'clock in the afternoon, but not to exceed five
3 (5) days a year.

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

6
7 **SEC. 10. Tax Provision.** - The grantee, its successors or assigns shall
8 continue to be subject to all specific tax duties and fees imposed on the Metro
9 Manila Turf Club, Inc. under Republic Act No. 7978, as amended by Republic
10 Act No. 8298, and with respect to the other taxes, charges, and fees not so
11 specified therein, under Republic Act No. 8424, or otherwise known as the
12 "National Internal Revenue Code of 1997," as amended, and other applicable
13 laws.

14
15 **SEC. 11. Warranty in Favor of the National and Local Governments.**
16 - The grantee shall hold the national, provincial, city, and municipal
17 governments of the Philippines free from all claims, liabilities, demands, or
18 actions arising out of accidents causing injury to persons or damage to
19 properties, during the construction or operation of the racetrack of the grantee.

20
21 **SEC. 12. Commitment to Provide and Promote the Creation of**
22 **Employment Opportunities.** - The grantee shall create employment
23 opportunities and shall allow on-the-job trainings in their franchise operation:
24 *Provided*, That priority shall be accorded to the residents of the place where the
25 race track is located: *Provided, further*, that the grantee shall follow the
26 applicable labor standards under existing labor laws, rules and regulations and
27 similar issuances: *Provided, finally*, that the employment opportunities or jobs
28 created shall be reflected in the General Information Sheet (GIS) to be submitted
29 to the Securities and Exchange Commission (SEC) annually.

30

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

16
17 **SEC. 14. Reportorial Requirement.** - The grantee shall submit an
18 annual report to the Congress of the Philippines, through the Committee on
19 Legislative Franchises of the House of Representatives and the Committee on
20 Games and Amusement of the Senate on its compliance with the terms and
21 conditions of the franchise and on its operations on or before April 30 of every
22 year during the term of its franchise.

23 The annual report shall include an update of the roll-out, development,
24 operation and/or expansion of business; audited financial statements; latest
25 General Information Sheet officially submitted to the Security and Exchange
26 Commission, if applicable; and certification of the PHILRACOM and the GAB on
27 the status of permits and operations.

28 The reportorial compliance certificate issued by Congress shall be required
29 before any application for permit or certificate is accepted by the PHILRACOM
30 and the GAB.

1 **SEC. 15. *Fine.*** – Failure of the grantee to submit the requisite annual
2 report to Congress shall be penalized by a fine of Five hundred pesos (P500.00)
3 per working day of noncompliance. The fine shall be collected by the
4 PHILRACOM from the delinquent franchise grantee separate from the reportorial
5 penalties imposed by the PHILRACOM, if any, and the same shall be remitted to
6 the Bureau of Treasury.

7
8 **SEC. 16. *Equality Clause.*** – Any advantage, favor, privilege, exemption,
9 or immunity granted under existing franchises, or which may hereafter be
10 granted for horse racing, upon prior review and approval of Congress, shall
11 become part of this franchise and shall be accorded immediately and
12 unconditionally to the herein grantee; *Provided*, That the foregoing shall neither
13 apply to nor affect the provisions of horse racing franchises concerning territorial
14 coverage, the term, or the type of service authorized by the franchise.

15
16 **SEC. 17. *Repealability and Non-exclusivity Clause.*** – This franchise
17 shall be subject to amendment, alteration, or repeal by the Congress of the
18 Philippines, when the public interest so requires and shall not be interpreted as
19 an exclusive grant of the privileges herein provided for.

20
21 **SEC. 18. *Separability Clause.*** – If any of the sections or provisions of
22 this Act is held invalid, all other provisions not affected thereby shall remain
23 valid.

24
25 **SEC. 19. *Repealing Clause.*** – All laws, decrees, orders, resolutions,
26 instructions, rules and regulations, and other issuances or parts thereof which
27 are inconsistent with the provisions of this Act are hereby repealed, amended, or
28 modified accordingly.

29
30

1 **SEC. 20. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
2 publication in the Official Gazette or in a newspaper of general circulation.

3

4 Approved,