



HOUSE OF REPRESENTATIVES

H. No. 8753

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

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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.

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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.

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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.

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

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

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4       **SEC. 7. Distribution of Total Wager Funds or Gross Receipt.** - The total wager funds  
5 or gross receipts from the sale of betting tickets will be apportioned as follows:  
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7           (a) Eighty-two percent (82%) shall be distributed in the form of dividends  
8 among the holders of winning tickets whether from *pari-mutuel*, daily double,  
9 forecast, *llave*, *quinella*, trifecta, exotics or any other manner of betting;

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

13  
14           (c) Eight and one-half percent (8.5 %) shall be set aside for the payment of  
15 stakes or prizes of win, place and show horses and the authorized bonuses for jockeys;

16  
17           (d) One-half percent (0.5 %) shall be set aside for use of the PHILRACOM:  
18 *Provided*, That in the case of gross receipts derived from the total sale for *pari-mutuel*  
19 races, the one-half percent (0.5 %) government share shall be set aside for use of the  
20 GAB, to be shared equally with the Jockeys and Horse Trainers' Injury, Disability and  
21 Death Compensation Fund created under Republic Act No. 309, as amended; and  
22

23           (e) One-half percent (0.5 %) shall be set aside for the operation of drug testing  
24 facilities for personnel, jockeys, trainers and horses and rehabilitation of the racing  
25 facilities of the grantee.  
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27       **SEC. 8. Breakage.** - The receipts from betting corresponding to the fractions of less  
28 than Ten centavos (P0.10) eliminated from the dividends paid to the winning tickets,  
29 commonly known as breakage, shall be set aside as follows:  
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31           (a) Fifty percent (50%) to be used by the PHILRACOM exclusively for the  
32 payment of additional prizes for races that it sponsors, and for the necessary capital  
33 outlay and expenditures relative to the horse breeding activities of the National Stud  
34 Farm;

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

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

42       **SEC. 9. Schedule of Races.** - The provision of any existing law to the contrary  
43 notwithstanding, the grantee is hereby authorized to hold horse races on at least two (2) days  
44 during the week as may be determined by the PHILRACOM, and on all Saturdays, Sundays and  
45 official holidays of the year, except on those official holidays where the law expressly provides  
46 that no horse races are to be held. The grantee may also conduct races on the eve of any

1 public holiday to start not earlier than five-thirty in the afternoon, but not to exceed five (5)  
2 days a year.

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

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

- 10 (a) commencement of operations within three (3) years from the approval of its operating  
11 permit by the PHILRACOM;  
12 (b) commencement of operations within five (5) years from the effectivity of this Act; and  
13 (c) continuous operation for two (2) years.

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15 **SEC. 11. Renewal or Extension of Franchise.** – The grantee shall apply for the renewal  
16 or extension of its franchise three (3) years before its expiration which shall be reckoned from  
17 fifteen (15) days after the publication of the franchise in the *Official Gazette* or in a newspaper  
18 of general circulation, whichever comes earlier.

19  
20 **SEC. 12. Warranty in Favor of the National and Local Governments.** - The grantee  
21 shall hold the national, provincial, city, and municipal governments of the Philippines free  
22 from all claims, liabilities, demands, or actions arising out of accidents causing injury to  
23 persons or damage to properties, during the construction or operation of the racetrack of the  
24 grantee.

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26 **SEC. 13. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.** – The  
27 grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the  
28 rights and privileges acquired thereunder to any person, firm, company, corporation, or other  
29 commercial or legal entity, nor merge with any other corporation or entity, nor the controlling  
30 interest of the grantee be transferred, simultaneously or contemporaneously, to any person,  
31 firm, company, corporation, or entity without the prior approval of Congress. The grantee  
32 shall inform Congress of any sale, lease, transfer, grant of usufruct, or assignment of franchise  
33 or the rights and privileges acquired thereunder, or of the merger or transfer of the  
34 controlling interest of the grantee, within sixty (60) days after the completion of the said  
35 transaction. Failure to report to Congress such change of ownership shall render the franchise  
36 *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or  
37 assigned shall be subject to the same conditions, terms, restrictions, and limitations of this  
38 Act.

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40 **SEC. 14. Dispersal of Ownership.** – The grantee shall offer at least thirty percent (30%)  
41 of its common stocks, or a higher percentage that may hereafter be provided by law, in any  
42 securities exchange in the Philippines within five (5) years from the effectivity of this Act:  
43 Provided, That in cases where public offer of shares is not applicable, other methods of  
44 encouraging public participation by citizens and corporations must be implemented.  
45 Noncompliance therewith shall render the franchise *ipso facto* revoked.

1           **SEC. 15. Reportorial Requirement.** – The grantee shall submit an annual report to the  
2 Congress of the Philippines, through the Committee on Legislative Franchises of the House of  
3 Representatives and the Committee on Public Services of the Senate, on its compliance with  
4 the terms and conditions of the franchise and on its operations on or before April 30 of every  
5 year during the term of its franchise.  
6

7           The annual report shall include an update on the roll-out, development, operation or  
8 expansion of business; audited financial statements; latest General Information Sheet  
9 officially submitted to the Securities and Exchange Commission, if applicable; and certification  
10 of the PHILRACOM and the GAB on the status of its permits and operations.  
11

12           The reportorial compliance certificate issued by Congress shall be required before any  
13 application for permit or certificate is accepted by the PHILRACOM and the GAB.  
14

15           **SEC. 16. Fine.** – Failure of the grantee to submit the requisite annual report to  
16 Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day of  
17 noncompliance. The fine shall be collected by the PHILRACOM from the delinquent franchise  
18 grantee separate from the reportorial penalties imposed by the PHILRACOM, if any, and the  
19 same shall be remitted to the Bureau of Treasury.  
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21           **SEC. 17. Equality Clause.** - Any advantage, favor, privilege, exemption, or immunity  
22 granted under existing franchises, or which may hereafter be granted for horse racing, upon  
23 prior review and approval of Congress, shall become part of this franchise and shall be  
24 accorded immediately and unconditionally to the herein grantee: *Provided*, That the  
25 foregoing shall neither apply to nor affect the provisions of horse racing franchises concerning  
26 territorial coverage, the term, or the type of service authorized by the franchise.

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

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

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

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

Approved,