

REPUBLIC ACT NO. 7978

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

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

SECTION 1. Any provision of law to the contrary notwithstanding, there is hereby granted to the Metro Manila Turf Club, Inc., a corporation duly organized and existing under the laws of the Republic of the Philippines, hereinafter called the grantee, its successors or assigns, for a period of twenty-five (25) years from the effectivity of this Act, the right, privilege and authority to construct, operate and maintain one race track in the City of Kalookan, establish branches thereof for booking purposes, and hold or conduct horse races with betting, whether on the results of the races or other forms of gaming derived therefrom, and either directly or by means of any mechanical, electrical, and/or computerized totalizator, and to do and carry out all such acts, deeds and things as may be necessary to give effect to the foregoing.

SEC. 2. The horse 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 racetracks, the allocation of prizes for winning horses, and the security of racing as provided in Presidential Decree No. 420, as amended: *Provided*, That the Games and Amusements 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. 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 modern 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, with respect to races held or conducted within or outside the Philippines. No person other than the grantee or its duly authorized agents or licensees shall offer, take or arrange bets on any horse race, or maintain or use a totalizator or other device, method or system to bet on any horse race or maintain or use a totalizator or other device, method or system to bet on any horse within or without the place, enclosure, or track where the horse races are held by the grantee. Any violation of this section shall be punished by a fine of not more than Two thousand pesos (P2,000) or by imprisonment of not more than six (6) months, or both at the discretion of the court. If the offender is a partnership, corporation or association, the criminal liability shall devolve upon its directors, president or any other official responsible for the violation.

SEC. 4. 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 the business under this franchise, and, in particular, to provide and operate any mechanical, electrical and/or computerized devices, equipment and facilities, including but not limited to (a) photo patrol; (b) automatic starter; (c) photo finish devices; (d) facilities or devices for tattoo branding of horses for proper identification; (e) facilities, laboratories and instruments for testing for drugs; (f) weighing machines and devices for measurement of horses; (g) electric and/or computerized totalizator; (h) machines directly connected to a computer in a display board for the sale of tickets including those sold from off-track betting stations; (i) modern sound systems and loud speaker facilities; (j) modern telecommunications and broadcasting 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 announcements 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; (k) continuous and back up power supply, and such other instruments, devices, equipment, facilities and systems; (l) facilities that will bring safety, security, comfort and convenience to the public; and (m) any other facilities, devices and instruments in order to maintain clean, honest and orderly betting on horse races or derivative games. 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. 5. The grantee shall publish and display prominently and in appropriate places the terms and conditions regarding the sale of betting tickets. The total wager funds or gross receipts from the sale of betting tickets at the race track for horse races conducted by the grantee under this franchise 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*, or any other manner of betting;

(b) Eight and one-half percent (8 1/2%) shall be retained by the grantee as its commission/fee for conducting the horse races;

(c) Eight and one-half percent (8 1/2%) shall be set aside for the payment of stakes or prizes of win, place and show horses and the authorized bonus for jockeys;

(d) One-half percent (1/2%) shall be set aside for use of the Philippine Racing Commission: *Provided*, That in the case of gross receipts derived from the total sale for *pari mutuel* races, the one-half percent (1/2%) government share shall be set aside for use of the Games and Amusements Board; and

(e) One-half percent (1/2%) shall be set aside for the benefit of the jockeys and horse trainers' injury, disability and death

compensation fund created under Republic Act Numbered Three hundred and nine, as amended.

The receipts from betting corresponding to the fractions of less than Ten centavos (P0.10) eliminated from the dividends paid to the winning tickets, commonly known as breakage, shall be set aside as follows: twenty-five percent (25%) to the provincial or city hospitals where the race track is located, twenty-five percent (25%) for the rehabilitation of drug addicts as provided in Republic Act No. 6425, and 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 and for the necessary capital outlays and other expenditures relative to horse breeding activities of the National Stud Farm.

SEC. 6. 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 (P0.10) on every One peso (P1.00) 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 peso (P1.00) worth of ticket.

SEC. 7. 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 to him for every winning ticket after deducting the cost of the ticket: *Provided*, That in the case of winnings from double, forecast/*quinella* and *trifecta* bets, the tax shall be four percent (4%). 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 race horse owner and withheld by the operator, manager or person in charge of the horse races before paying the dividends or prizes to the persons entitled thereto.

The operator, manager or person in charge of horse races, within twenty (20) days from the date the tax was deducted and withheld in accordance with the preceding paragraph, shall 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. 8. The provision of any law to the contrary notwithstanding, the grantee is hereby authorized to hold horse races on 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, excluding Thursdays and Fridays of the Holy Week, June 12th, and any holiday on which a national or local election is held. The grantee may also conduct races on the eve of any public holiday to start not earlier than five thirty o'clock in the afternoon, but not to exceed five (5) days a year.

SEC. 9. In consideration of the franchise and rights herein granted, the grantee shall pay to the National Treasury a franchise tax equal to twenty-five percent (25%) of its gross earnings, which is equivalent to the commissions/fees earned by the grantee out of total wager funds, allotted as follows:

- (a) Five percent (5%) to the national government;
- (b) Five percent (5%) to the City of Kalookan;
- (c) Seven percent (7%) to the Kalookan City General Hospital;
- (d) Six percent (6%) to the Philippine Anti-Tuberculosis Society; and
- (e) Two percent (2%) to the White Cross.

The said tax shall be paid monthly and shall be in lieu of any and all taxes, except the income tax, of any kind, nature and description levied, established or collected by any authority whether barrio, municipality, city, provincial or national, on its

properties, whether real or personal, from which taxes the grantee is hereby expressly exempted.

SEC. 10. The grantee shall not lease, transfer, grant the usufruct of, sell, assign or otherwise dispose of the right, privilege or authority acquired hereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other person, company or corporation organized for the same purpose without the approval of the Congress of the Philippines being first had.

SEC. 11. This Act shall take effect within fifteen (15) days after its publication in a newspaper of general circulation in Metro Manila, Philippines.

Lapsed into law on April 17, 1995 without the President's signature, pursuant to Sec. 27(1), Article VI of the Constitution.