

REPUBLIC OF THE PHILIPPINES }  
CONGRESS OF THE PHILIPPINES }  
    *Third Regular Session*

H. No. 9359

REPUBLIC ACT NO. 8407

AN ACT AMENDING REPUBLIC ACT NUMBERED SIXTY-SIX HUNDRED THIRTY-ONE ENTITLED "AN ACT GRANTING MANILA JOCKEY CLUB, INC., A FRANCHISE TO CONSTRUCT, OPERATE AND MAINTAIN A RACETRACK FOR HORSE RACING IN THE CITY OF MANILA OR ANY PLACE WITHIN THE PROVINCES OF BULACAN, CAVITE OR RIZAL" AND EXTENDING THE SAID FRANCHISE BY TWENTY-FIVE (25) YEARS FROM THE EXPIRATION OF THE TERM THEREOF

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

SECTION 1. Republic Act No. 6631 is hereby amended to read as follows:

"SECTION 1. *Nature and Scope of Franchise.* – Any provision of law to the contrary notwithstanding, there is hereby granted to Manila Jockey Club, Inc., a corporation duly organized and registered under the laws of the Philippines, hereinafter called the grantee or its assigns or its successors, for a period of twenty-five (25) years from the approval of this Act, the right, privilege and authority to construct, operate and maintain one racetrack in any place within the City of Manila or any place within the provinces of Bulacan, Cavite or Rizal, establish such branches thereof for booking purposes anywhere in the country, and hold or conduct horse races therein with bettings either directly or indirectly by means of mechanical, electric 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: *Provided,* That in case of transfer of the racetrack from the City of Manila, such transfer 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.* – The term of this franchise is hereby extended to another twenty-five (25) years from the date of expiration of Republic Act No. 6631 which is in October, 1997.

"SEC. 4. *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/or 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 same enclosure or track in the course of horse races conducted and/or operated by the said 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 (P20,000) but not more than One hundred thousand pesos (P100,000) or by imprisonment of a minimum of six (6) months and a maximum of one (1) year, or both, at the discretion of the court. If the offender is a corporation, partnership or association,

the criminal liability shall devolve upon its president, managing partner or manager responsible for such violation.

"SEC. 6. *Computerized and / or Mechanical Devices.* – The grantee shall provide and operate, and 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, to achieve an orderly, clean and honest horse racing in the conduct thereof, the grantee shall in particular, provide and operate any mechanical, electrical and/or computerized devices, equipment and facilities, including but not limited to:

"(a) Photo patrol and/or other electronic devices or camera;

"(b) Automatic starter;

"(c) Electric 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 off-track betting 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 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) 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 on horse races or derivative games within three (3) years from the effectivity of this Act. In case of failure to provide and install any of the abovementioned equipment or facilities within the three-year period, the Philippine Racing Commission shall forthwith suspend and prohibit the holding of races by the grantee until such time as the said equipment or facilities are provided and installed.

"The Games and Amusement Board shall assign its auditors and/or inspectors to supervise and regulate the placing of bets, 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 Receipts.* – The total wager funds or gross receipts from the sale of betting tickets will 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 *parimutuel* daily double, forecast, *llave*, *quenella*, *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 authorized bonus for jockeys;

"(d) One percent (1%) shall be set aside for the use of the Philippine Racing Commission: *Provided*, That in the case of gross receipts derived from the total sale of *parimutuel* 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.

"SEC. 9. *Breakage*. – 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:

"(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, executive or administrative order 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 (P0.10) on every One peso (P1.00) or fractional part thereof shall be collected.

"SEC. 12. *Franchise Tax.* – In consideration of the franchise, the grantee shall pay into the National Treasury a franchise tax equal to twenty-five *per centum* (25%) of its gross earnings from the horse races authorized to be held under this franchise which is equivalent to the eight and one-half *per centum* (8 1/2%) of the total wager fund or gross receipts on the sale of betting tickets during the racing day as mentioned in Section 8 hereof, allotted as follows:

"(a) Five *per centum* (5%) for the national government;

"(b) Five *per centum* (5%) for the province or city/ municipality where the racetrack is located;

"(c) Seven *per centum* (7%) for the municipal hospital where the racetrack is located;

"(d) Six *per centum* (6%) for the Philippine Anti-Tuberculosis Society; and

"(e) Two *per centum* (2%) for the White Cross.

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

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

"The grantee shall file the return with and pay the taxes due thereon to the Commissioner of Internal Revenue or his duly authorized representatives in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

"SEC. 13. *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 to him for every winning ticket after deducting the cost of the ticket: *Provided*, That in the case of 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 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 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. 14. *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. Nonacceptance shall render the franchise void.

"SEC. 15. *Warranty in Favor of National and Local Government.* – The grantee shall hold the national, provincial

and municipal governments of the Philippines 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 racetracks of the grantee.

"SEC. 16. *Dispersal of Ownership.* – Subject to the provisions of Section 17, the grantee shall offer at least thirty per centum (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the time of the effectivity of this Act. Noncompliance therewith shall render the franchise *ipso facto* revoked.

"SEC. 17. *Sale, Lease, Transfer, Usufruct, etc.* – 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 simultaneously or contemporaneously, to any such person, firm, company, corporation or entity organized for the same purpose without the prior approval of the Congress of the Philippines. 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. 18. *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. 19. *Repealability and Nonexclusivity 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 for.

"SEC. 20. *Reportorial Requirement.* – The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year."



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

Lapsed into law on November 23, 1997 without the President's signature, pursuant to Sec. 27(1), Article VI of the Constitution.