

H. No. 8753

Republic of the Philippines
Congress of the Philippines
Metro Manila
Eighteenth Congress
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-sixth day of July, two thousand twenty-one.

[REPUBLIC ACT NO. **11649**]

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:*

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 the 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, and Cavite, establish branches thereof for booking purposes anywhere in the country, hold or conduct horse races with betting on results of such races directly or by means of mechanical, electrical, or computerized totalizer, and do and carry out all such acts, deeds, and things as may be necessary to give effect to the foregoing.

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 racetracks, the allocation of prizes for winning horses, and the security of racing as provided in Presidential Decree No. 420, otherwise known as “Creating the Philippine Racing Commission”, as amended: *Provided*, That the Games and Amusements Board (GAB) shall continue to supervise and regulate betting in horse races as provided in Sections 6, 11, 15, 18, and 24 of Republic Act. No. 309, otherwise known as “An Act to Regulate Horse-Racing in the Philippines”, as amended.

SEC. 3. *Offering, Taking or Arranging Bet 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 schedule 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 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 preceding section shall be punished by a fine of not less than Twenty thousand pesos (P20,000.00) but not more than One hundred thousand pesos (P100,000.00), 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 president, managing partner or manager responsible for the 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 the business granted 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 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 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;
- (l) Continuous and back-up power supply, and such other instruments, devices, equipment, facilities and systems; and
- (m) Such other facilities, devices or instruments that will ensure clean, honest racing, betting on horse races or derivative games.

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

The GAB shall assign its auditors and inspectors to supervise and regulate the placing of bets, the proper computation of dividends and the 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 Receipt.* – 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 *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 use of the PHILRACOM: *Provided*, That in the case of gross receipts derived from the total sale for *pari-mutuel* races, the one-half percent (0.5%) government share shall be set aside for 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, jockeys, 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 (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%) to be used by the PHILRACOM exclusively for the payment of additional prizes for races that it sponsors, and for the necessary capital outlay and expenditures relative to the horse breeding activities of the National Stud Farm;

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

(c) Twenty-five percent (25%) to augment the funding for the establishment, maintenance, and operation of drug rehabilitation centers in the country, as provided in Republic Act No. 9165, otherwise known as the "Comprehensive Dangerous Drugs Act of 2002", 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 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. *Tax Provision.* – The provision of existing laws to the contrary notwithstanding, the following taxes shall be imposed:

(a) The Grantee, its successors or assignees shall pay and/or remit:

(1) Documentary Stamp Tax. – On each horse race 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.

(2) Franchise Tax. — The Grantee, its successors or assignees, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the Grantee, its successors or assignees, shall pay a franchise tax equal to twenty-five percent (25%) of its gross earnings from the horse races authorized under this franchise which is equivalent to the eight and one-half percent (8 1/2%) of the total wager funds or gross receipts on the sale of betting tickets during the racing days as mentioned in Section 9 hereof, allotted as follows:

- (i) Five percent (5%) for the national government;
- (ii) Five percent (5%) for the province or city/municipality where the racetrack is located;
- (iii) Seven percent (7%) for the municipal hospital where the racetrack is located;
- (iv) Six percent (6%) to the Philippine Anti-Tuberculosis Society; and
- (v) Two percent (2%) to 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, as amended, and the return shall be subject to audit by the Bureau of Internal Revenue.

(b) 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/*quinella* 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: *Provided, further*, That winnings amounting to Ten thousand pesos (P10,000.00) or less shall be exempt.

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

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

SEC. 12. *Warranty in Favor of the National and Local Governments.* — 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 properties, during the construction or operation of the racetrack of the Grantee.

SEC. 13. *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 the controlling interest of the Grantee be transferred, simultaneously or contemporaneously, to any person, firm, company, corporation, or entity without the prior approval of Congress. The Grantee shall inform Congress of any sale, lease, transfer, grant of usufruct, or assignment of 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 said transaction. Failure to report to Congress such change of ownership shall render the 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. 14. *Dispersal of Ownership.* – The Grantee shall offer at least thirty percent (30%) of its outstanding capital stocks, or a higher percentage that may hereafter be provided by law, in any securities exchange in the Philippines within five (5) years from the effectivity of this Act: *Provided*, That in cases where public offer of shares is not applicable, other methods of encouraging public participation by citizens and corporations must be implemented. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SEC. 15. *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 or expansion of business; audited financial statements; latest General Information Sheet officially submitted to the Securities and Exchange Commission, if applicable; and certification of the PHILRACOM and the GAB on the status of its permits and operations.

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

SEC. 16. *Fine.* – Failure of the Grantee to submit the requisite annual report to Congress shall be penalized by a fine of Five hundred pesos (P500.00) per working day of noncompliance. The fine shall be collected by the PHILRACOM from the delinquent franchise Grantee separate from the reportorial penalties imposed by the PHILRACOM, if any, and the same shall be remitted to the Bureau of the Treasury.

SEC. 17. *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 Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to the herein Grantee: *Provided*, That the foregoing shall neither apply to nor affect the provisions of horse racing franchises concerning territorial coverage, the term, or the type of service authorized by the franchise.

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

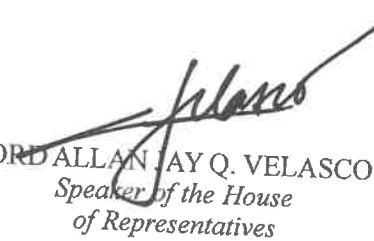
SEC. 19. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SEC. 20. *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. 21. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

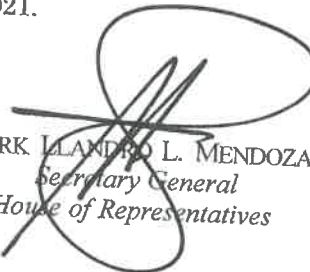
Approved,


VICENTE C. SOTTO III
President of the Senate



LORD ALLAN JAY Q. VELASCO
Speaker of the House of Representatives

This Act which originated in the House of Representatives was passed by the House of Representatives on March 3, 2021, amended by the Senate of the Philippines on December 6, 2021, and which amendments were concurred in by the House of Representatives on December 14, 2021.


MYRA MARIE D. VILLARICA
Secretary of the Senate


MARK LLANDRO L. MENDOZA
Secretary General House of Representatives

Approved: MAR 08 2022


RODRIGO ROA DUTERTE
President of the Philippines



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