

“Puerto Rico Horse Racing Industry and Sport Act”

Act No. 83 of July 2, 1987 as amended,

(Contains amendments incorporated:

Act No. 175 of August 12, 1988

Act No. 56 of August 11, 1994

Act No. 137 of December 14, 1994

Act No. 100 of June 25, 1998

Act No. 143 of July 3, 1999

Act No. 20 of January 5, 2002

Act No. 170 of August 11, 2002

Act No. 139 of June 5, 2004

Act No. 7 of January 18, 2006

Act No. 2 of February 5, 2008)

(Amendments non-incorporated:

Act No. 160 of November 30, 2009)

Be it enacted by the Legislature of Puerto Rico :

Section 1. — Short title. (15 L.P.R.A. § 198)

This act shall be known as "Puerto Rico Horse Racing Industry and Sport Act".

Section 2. — Administration; creation. (15 L.P.R.A. § 198a)

The Puerto Rican Horse Racing Industry and Sport Administration is hereby created as a public instrumentality to regulate everything connected with the horse racing sport in the Commonwealth of Puerto Rico, and its powers, functions and duties shall be exercised through a Racing Board and a Racing Administrator.

Section 3. — Definitions. (15 L.P.R.A. § 198b)

For the purposes of this Act, the terms listed below shall have the following meaning:

(1) Administration — Means the Horse Racing Industry and Sport Administration, which may be identified for all legal purposes by its Spanish acronym "AIDH".

(2) Administrator — Means the Horse Racing Administrator.

(3) Racing agent — Means the independent contractor designated by the operating enterprise and authorized by the Horse Racing Administrator to officially receive the bets authorized by this Act and the regulations adopted by the Horse Racing Board.

(4) Year — Means a calendar year.

- (5) Attorney in fact — Means the authorized representative of the horse owner, the owner of the horse ranch or breeder duly authorized by a power of attorney and by a license issued by the Administrator, to operate as the owner's attorney in fact.
- (6) Bets — Means those bets authorized by this Act, the Horse Racing Regulations or the Horse Racing Board.
- (7) Restricted areas — Means those areas within any dependency under the jurisdiction of the Horse Racing Industry and Sport Administration whose access is limited to those persons who meet the specific requirements established in this Act, the Horse Racing Regulations and all those other regulations prescribed by the Horse Racing Board.
- (8) Mutuel — Means the place or places officially designated by the Racing Board for betting on each individual race and the betting system known by that name.
- (9) Race — Means a competition between horses for a prize, conducted in the presence of officials of the Horse Racing Industry and Sport Administration, pursuant to the law and the applicable regulations in effect.
- (10) Claiming race — Means a race in which any horse entered therein may be claimed and purchased for a previously fixed sum by any race horse owner with a current license.
- (11) Justified cause for removal — Means negligence or manifest disability of a person to perform his/her duties or the commission of a felony or a misdemeanor entailing moral turpitude.
- (12) Classic — Means a race with an additional prize in which a special fee is required for the registration of horses.
- (13) Natural condition of a horse — Means that physical condition of a racehorse which has undergone no human intervention through internal or external means that change the natural state of the racehorse.
- (14) Stable — means the structure where one or more stalls are located.
- (15) Multiple combination pool ticket — Means the printed form on which the combination of pool bets are noted.
- (16) Moral turpitude — Means the state or condition of an individual constituted by an inherent lack of a sense of morality and rectitude whereby a person has lost his/her concern for the respect and safety of human life and everything he/she does is essentially evil, painful, fraudulent, immoral, vile in nature and harmful in its results.
- (17) Depressant or depressive — Means any product, substance or medication that depresses a race horse.
- (18) Day — Means any period comprised between two (2) consecutive midnights.
- (19) Race day — means the period comprised between 12:01 o'clock in the morning and 12:00 midnight of the day on which races are held.
- (20) Drug — Means any product, substance, medication, pharmaceutical product, natural or compound preparation or combination of these, including all their metabolites, capable of stimulating, depressing or in any manner affecting or altering the natural condition of a horse.
- (21) Owner — Means any natural or juridical person who holds a license issued by the Administrator who is a bona fide owner of one or more horses.
- (22) Daily double — Means a bet to pick the winners of two (2) races specifically designated for such a bet.
- (23) Horse — Means a thoroughbred racehorse or colt of either sex.

- (24) Operating enterprise — Means a natural or juridical person authorized to operate a racetrack in Puerto Rico.
- (25) Paddock — Means the place designated for saddling the horse.
- (26) Public trainer — Means the trainer authorized to train racehorses and administer and operate a public stable as owner with five (5) or more pens assigned by the operating enterprise.
- (27) Private trainer — Means the trainer who receives a salary from the stable owner for exclusively training the horses of the latter.
- (28) Entry — Means two (2) horses participating in the same race that belong to the same owner or owners and that are deemed to be a single betting entry.
- (29) Stable — Means the structure where one or more stalls are located to board an owner's horses.
- (30) Stimulant — Means any product, substance or medication that stimulates a race horse.
- (31) Horse racing nuisance — Means a person declared to be such by the Board according to the law, because his behavior alters or obstructs the normal development of the horse racing sport.
- (32) Exacta — Means a bet that consists in picking the horses that finish first and second in the races designated for said bets.
- (33) Combined exacta — Means a bet that consists in picking three (3) horses that finish first, second and third in any order, in the races designated for said bets.
- (34) Racetrack — Means the place authorized by the Horse Racing Board for holding horse races, including but not limited to, the arrival and starting gates, tracks, stands, bars, stable areas, paddocks, betting places, parking areas, and any other necessary facility.
- (35) Registration. — Means the act of nominating a horse to take part in a race.
- (36) Head of laboratory — Means the chemist who meets the same professional requirements established for the Official Chemist, who may or may not be an official of the Horse Racing Industry and Sport Administration, and who shall be directly in charge of the laboratory where tests of samples of any nature taken from racehorses are conducted by or under the direct supervision of the Official Veterinarian. When a laboratory from any jurisdiction of the United States or from outside of Puerto Rico is involved, it must possess all authorizations and licenses required by law for the lawful exercise of its degree and profession in its jurisdiction.
- (37) Jockey — Means the person authorized to ride race horses through a license issued by the Administrator.
- (38) Pari-mutuel — Means the simple bets made for first place (win) and second place (place).
- (39) Board — Means the Horse Racing Board.
- (40) Stewards — Means the Horse Racing Stewards, as defined in Section 13 of this Act.
- (41) Act — Means the Puerto Rico Horse Racing Industry and Sport Act, this Act
- (42) Month — Means a calendar month.
- (43) Microfiche — Means the photograph that reproduce to scale an archival document "microchip."
- (44) Groom — Means the stable employee, stableman.
- (45) Single combination pool ticket — Means the printed form where a single combination of bets in each race in the pool is noted.

(46) Pool — Means a prize awarded to a person who determines the largest number of winning horses and the largest number of winning horses minus one, as stipulated in the Horse Racing Regulations.

(47) Prize — Means the sum of money received by the owner of a race horse for the performance of his/her horse in an official race as provided by regulations. It includes a regular, supplementary or retroactive prize received by the owner of a race horse for the performance of his/her horse in an official race and the benefits received on the bets on the races simulcast from Puerto Rico to overseas locations.

(48) Breeding place — Means the farm and structure devoted to the breeding of thoroughbred race horses.

(49) Poolpote — Accumulated prize which may be won by a single person, who on a race day is the sole person to pick the most horses that win the races valid for the pool in a single combination pool ticket or multiple combination pool ticket.

(50) Chairman — Means the Chairman of the Horse Racing Board.

(51) Official program — Means the program issued under the official seal of the Administration which contains all the races to be held on a race day and any other information required by the Administrator and the Racing Secretary. It constitutes the commitment between the Horse Racing Industry and Sport Administration and the betting public.

(52) Official Chemist — Person with current license issued by the Board of Examiners of Chemists, active member of the Puerto Rico College of Chemists and holder of the authorization and licenses required by law to lawfully practice his/her profession in Puerto Rico. He/she shall be an employee of the Horse Racing Industry and Sport Administration, and shall be designated by the Horse Racing Administrator to exercise the functions assigned, including acting as expert when required. The duties of the Official Chemist and the Head of Laboratory may be fulfilled by the same person if the Horse Racing Industry and Sport Administration has its own laboratory.

(53) Quinella Means the wager that consists in determining the horses that arrive in the first and second positions, or inverted, in the races designated for said wager.

(54) Veterinary prescription — A written order issued by an authorized veterinarian for administering a certain dose of medication or drug(s) allowed for a particular race horse.

(55) Claim — Means the act of purchasing a thoroughbred horse that participates in a claiming race.

(56) Genealogical Register — Means the registry book of thoroughbred horses indicating the genealogy, filiation, ownership and any other element essential to its juridical protection. Known as Stud Book and prepared in Puerto Rico.

(57) Regulations — Means the Racing Regulations and any other set of regulations approved by the Horse Racing Board, as provided in this Act.

(58) SEA — Spanish acronym for Electronic Betting System (Sistema Electronico de Apuestas).

(59) Racing Secretary — Means the official appointed by the Horse Racing Administrator who shall be in charge of preparing a bulletin indicating the racing conditions according to the Racing Plan issued by the Horse Racing Board. He/she directs the whole process for the registration of race horses that participate in official races.

(60) Simulcasting — Simultaneous live and direct broadcasting of racing events held in foreign racetracks for taking bets on these. This term also refers to racing events held in Puerto Rico to be broadcast overseas for taking bets in another country on those races held in Puerto Rico.

(61) Superfecta — Means the bet that consists on picking, in exact order, those horses that finish first, second, third and fourth in the races designated for that type of betting.

(62) Total gross bets — Means the total amount bet without discounting the deductions provided in Section 20 of this Act.

(63) Trifecta — Means the bet that consists on picking in exact order, those horses that finish first, second and third in the races designated for that type of betting.

(64) Usage and custom — Form of initial customary law, less solemn than the written laws whose usage is supplemental in the absence of applicable laws.

(65) Authorized veterinarian — Means a veterinarian with a current license to practice veterinary medicine in Puerto Rico who is an active member of the College of Veterinarians of Puerto Rico and who has furthermore obtained the official authorization of the Horse Racing Administrator to practice his/her profession in dependencies and areas subject to the control and restrictions of the Horse Racing Industry and Sport Administration.

(66) Official Veterinarian — Means a veterinarian with a current license to practice veterinary medicine in Puerto Rico who is an active member of the College of Veterinarians of Puerto Rico, and appointed by the Horse Racing Administrator to render professional veterinary services to the Horse Racing Industry and Sport Administration under the provisions of the Racing Act, the current Racing Regulations and those Orders or Resolutions issued by the Horse Racing Board or the Horse Racing Administrator.

Section 4. — Horse Racing Board - Composition. (15 L.P.R.A. § 198c)

(a) The Horse Racing Board shall be integrated by five (5) persons appointed by the Governor with the advice and consent of the Senate for a term of four (4) years.

(b) If a vacancy occurs, the person appointed by the Governor to fill it shall discharge the duties of such position for the rest of the unexpired term.

(c) The Governor shall appoint one of the Board members as its Chairman; the Board shall appoint one of its members Interim Chairman.

(d) *Removal of Horse Racing Board members.* The Governor can remove any member of the Horse Racing Board for just cause after bringing charges and granting a hearing.

(e) The Governor [shall] designate a Commissioner before whom the evidence will be presented, and he shall render a report to the First Executive with an analysis of the evidence and any pertinent recommendations. The member affected by the Governor's decision may appeal said decision before the Court of First Instance within fifteen (15) days following his notice thereof in the cases in which there are errors of law in the Commissioner's final determination.

(f) *Compensation for members of the Horse Racing Board.* The members of the Horse Racing Board shall not earn a fixed salary, but they shall be reimbursed for the travel expenses incurred while rendering their official duties as members thereof, and be furthermore entitled to per diems equal to one hundred and fifty percent (150%) of the minimum per diem established in Section 2 of Act No. 97 of June 19, 1968, as amended [2

L.P.R.A. § 29] for the members of the Legislature, except for the Chairperson of the Board, who shall receive a per diem equal to one hundred and seventy-five percent (175%) of the per diem received by the other members of the Board. The Chairperson of the Horse Racing Board shall be the recipient of the certification which according to the provisions of Act No. 97 [2 L.P.R.A. secs. 27a et seq.], is issued annually by the Puerto Rico Planning Board. The provisions of Sections 177 of the Political Code, as amended [3 L.P.R.A. sec. 551], shall not apply to the members of the Horse Racing Board.

The members of the Horse Racing Board shall be entitled to receive per diems when attending official acts or activities as official representatives of the Horse Racing Board, without the need for quorum to appear on behalf and in representation of the Horse Racing Board during such official acts.

Section 5. — Horse Racing Board - Secretary. (15 L.P.R.A. § 198d)

(a) The Horse Racing Board shall designate a full-time Secretary who shall render his services at the discretion and satisfaction of the Board.

(b) The Secretary of the Board shall be custodian of the Seal, of all the books, documents, papers and the properties thereof; shall attend all the meetings of the Horse Racing Board and shall enter its proceedings faithfully in the Minutes Book; shall publish, serve, and certify, when needed, such rules, regulations, decisions, orders or resolutions issued; shall prepare the minutes of each session; shall prepare and keep a Registration and Filing Book which shall be known as the Register of Racing Records; shall prepare the dockets of the cases and hearings before the Board and shall serve the summons, warrants and notices with regard to the Board's cases and affairs; shall take the witnesses' oaths; shall advise the Chairman, or Acting Chairman, as the case may be, of any matter, within 48 hours after its filing, and shall carry out any other functions assigned by the Board.

Section 6. — Horse Racing Board - Powers. (15 L.P.R.A. § 198e)

(a) The Horse Racing Board is hereby empowered to regulate all matters concerning the horse racing sport. The Horse Racing Board, after a public hearing, shall adopt whatever regulations for the horse racing sport it deems necessary, which, once approved by the Governor of Puerto Rico and filed with the Department of State pursuant to the provisions of Act No. 170 of August 12, 1988 as amended [3 L.P.R.A. §§ 2101 et seq], known as the "Uniform Administrative Procedures Act", shall have force of law and their violation shall constitute an offense as provided in this Act.

(b) Among other things, the Board shall have power to:

(1) Establish the requirements which in its judgment every racetrack should meet to operate as such; establish the terms and conditions to comply with said requirements; extend provisional licenses for the term granted to the racetrack owners to meet the requirements established by the Board; cancel any licenses issued provisionally to their holders or their representatives if they fail to comply with the terms thereof; exact other requirements besides those established originally; and guarantee the public safety, reliability, honesty and integrity of the horse racing sport. Provided, That when the Board requires financial information to grant permits or licenses to operate a racetrack, the

financial information received by the Board shall be deemed confidential and the same may not be divulged, except as provided by the Board and the applicable laws.

(2) Expressly authorize the days and places where each racetrack shall hold thoroughbred horse races in Puerto Rico, and may transfer the place and sites indicated therefore. Provided, That the Board shall authorize a minimum of two hundred and eight (208) racing days for each calendar year. The racing days shall be reasonably divided between the racetracks, always ensuring the general welfare of the horse racing industry and sport. The racing days may be increased depending on the needs of the industry and the inventory of horses available for racing.

(3) Prescribe the rules by which holding horse races shall be governed through the approval of an annual plan to be known as the "Racing Plan", which shall serve as a guide and provide orientation so that the Racing Secretary may set forth the overall conditions for the monthly programming of races. It shall adopt a horse racing plan that would maintain a balance between native and imported horses and seek to increase the number of races with native horses and establish a scale of weight that fixes a minimum weight of not less than one hundred sixteen (116) pounds for all First Category A jockeys, regardless of the age of the race horse. This racing plan may be revised.

(4) Regulate all matters related to the way in which authorized bets should be made as well as those that may be authorized in the future, as well as the activities related to betting, as is the case of the "poolpote." In order to authorize any manner of betting, the Board shall hold public hearings after notifying all interested parties, including the betting public.

(5) Prescribe through regulations the requirements that shall be met by natural and juridical persons engaged in any horse racing activity; Provided, That in observance of the public safety and the order, purity and integrity of the horse racing sport, a program to detect the presence or use of controlled substances shall be implemented, under which reliable tests shall be administered at random to Horse Racing Industry and Sport Administration (AIDH, Spanish acronym) officials and employees as well as to all personnel holding a license or permit issued by said Administration to perform functions directly related to the horse racing activity. The preventive nature of this program is aimed towards addressing, reducing and deterring the use and abuse of illegal drugs and towards counseling, treating and rehabilitating the persons concerned. Said program shall be coordinated with the competent entity or entities of the public and private sectors that have the necessary and reliable resources to administer said tests. The funds to defray the cost of said tests shall proceed from the monies consigned to AIDH for these purpose under this section. The Board shall establish, through regulations, the procedure to be followed for making the operation of this program feasible and efficient. Nothing shall prevent the owners, handlers and breeders of horses from holding shares in businesses that operate racetracks in Puerto Rico.

(6) To authorize and regulate the use of electronic, mechanical and photographic apparatus with the purpose of determining the starting and the order that the horses cross the finish line; to photograph and oversee the development of the races, among others.

(7) Declare, at the request of the Horse Racing Administrator and of any natural or juridical person authorized to operate a racetrack in Puerto Rico, or *motu proprio*, as a horse racing nuisance any natural or juridical person who, in its judgment, attempts,

threatens or in any other way makes evident his/her purpose of hindering the normal course of the horse racing sport. Provided, That in order to make such a determination, the Board shall allow the defendant to be heard in his/her defense at a public hearing, in person or through legal counsel. Any person who has been declared a horse racing nuisance by the Horse Racing Board and who tries to enter or does enter any racetrack or dependency thereof, shall be guilty of a felony and upon conviction shall be punished with a penalty of not less than five (5) years nor of more than ten (10) years of imprisonment, or with a fine of not less than one thousand dollars (\$1,000) nor of more than five thousand dollars (\$5,000), or both penalties at the discretion of the court.

Any person who has been declared a horse racing nuisance by the Board may not request to be reinstated to participate in horse racing activities until a minimum term of five (5) years has elapsed from his/her designation as a horse racing nuisance. The Board shall, through regulations, provide the conditions and requirements whereby the person may be reinstated. If after being reinstated the person again incurs undesirable practices for which he/she should be declared a horse racing nuisance, the declaration shall extend throughout his/her lifetime. Any person declared to be a horse racing nuisance shall defray the cost of the proceedings. The prescriptive term for prosecuting a person as a horse racing nuisance shall be of one (1) year from the time said persons is found guilty of violating the Horse Racing Regulations or the Controlled Medications Regulations, as well as any other regulations with restrictive provisions approved by the Board to regulate the horse racing sport.

(8) Prescribe, through regulations, the fines, administrative penalties and suspensions, as well as the administrative fines for violations of this Act or of the rules, regulations and orders approved or prescribed by the Board, by the Horse Racing Administrator or by the Horse Racing Stewards, that may be imposed by the Board, the Horse Racing Administrator or the Stewards or any other authorized official.

(9) Issue orders, rules and resolutions and take the necessary measures leading to achieve the physical safety and financial and social security of natural and juridical persons related to the horse racing industry and sport, including the issue of orders to cease and desist should the Board believe that a person is in violation of this Act or of the rules, regulations, orders or license requirements promulgated pursuant thereto. When the Board issues and order to cease and desist, it shall notify the affected party about its right to an administrative hearing pursuant to the provisions of Act No. 170 of August 12, 1988 [3 L.P.R.A. §§ 2101 et seq.], known as the "Uniform Administrative Procedures Act".

Should the party affected by the order fail to request that a hearing be held and the Horse Racing Board does not order one, said order shall continue in effect until it is modified or declared ineffective by the Board. If it is requested or ordered that a heading be held, the Board, after notification to that effect and giving every interested party the opportunity to be heard, may modify, declare ineffective or extend said order until the matter is finally resolved.

The Horse Racing Board may declare ineffective or modify an order if it determines that the conditions that persuaded it to issue the same have changed or that for some other reason doing so is in the public interest. It may also resort to the Court of First Instance to

request that any order to cease and desist issued by the latter be put in effect without the need for posting bond.

The Horse Racing Board may introduce any other legal resources, actions or procedures that may be necessary or convenient to make effective the purposes of this Act or of any other act or regulations it is bound to enforce compliance with or supervise, be it through the representation of its attorneys or through the Secretary of Justice, after a petition to those effects.

(10) Consider and resolve the petitions for review of the decisions issued by the Horse Racing Administrator, the Horse Racing Stewards or any other official in the exercise of the duties and powers conferred by the Horse Racing Act, the Horse Racing Regulations or applicable orders or resolutions. Provided, That the Board may, for just cause, suspend any punishment, sanction or fine imposed by the Horse Racing Administration, the Horse Racing Stewards or any authorized person not without first giving the parties in question the opportunity for being heard during a hearing to determine just cause. The determinations of appreciation of the Horse Racing Stewards may not be revised.

(11) Hold hearings, conduct visual inspection, summon witnesses, take oaths and statements and compel the appearance of witnesses, the production of documents and any other additional evidence of any nature deemed essential for obtaining full cognizance of a matter within its jurisdiction. The Board is also empowered to issue orders or summons and take depositions from persons in any investigation. In cases of nonappearance, the Horse Racing Board shall resort to the Court of First Instance to petition that the latter order said appearance under penalty of contempt.

The Board may conduct the investigations it may deem necessary within or outside of Puerto Rico, so as to determine whether any person has violated any of the provisions of this Act or of any regulation or order promulgated according thereto.

(12) To fix the commission that the racing agents may receive through the authorized betting systems, which in no case shall be less than eleven percent (11%) of the total combinations wagered, except in the case of parimutuel bets where the commission shall be of five percent (5%) from the approval of this act until December 31, 1994; five point five percent (5.5%) from January 1, 1995 to June 30, 1995, and six percent (6%) from July 1, 1995 thereafter; Provided, That this percentage shall be figured from the gross amount wagered in parimutuel bets in the racing agencies.

(13) Authorize the broadcast of races through simulcasting, for which it shall establish the criteria or minimum requirements that the operating enterprise and the owners of racehorses must meet so that the Board may authorize said broadcast.

(14) Submit to the Governor an annual report of its operations, actions and decisions as well as the recommendations to improve the horse racing industry and sport. Said report may include recommendations to improve the horse racing industry and sport from the racetrack or racetracks administration and from the association that represents the horse owners.

(15) To determine and establish by regulations, certain undesirable practices in addition to those listed in Section 18 of this Act which are impediments to horse racing activities.

Section 7. — Horse Racing Board - Meetings; quorum. (15 L.P.R.A. § 198f)

In order for the Horse Racing Board to make decisions and exercise its legal powers, a minimum of three (3) of its members shall be present at the session. When the Chairperson is unable to attend a session and no acting chairperson has been designated, the most senior member, or the member designated by agreement of the members present at the session shall preside.

Section 8. — Horse Racing Board - Internal regulation. (15 L.P.R.A. § 198g)

The Horse Racing Board shall adopt such bylaws that it deems are needed for its organization, internal operations and to hold its meetings, which shall ensure the broadest participation of the components of the racing family.

Section 9. — Horse Racing Board - Sessions. (15 L.P.R.A. § 198h)

- (a) The [Horse] Racing Board's sessions shall be held regularly, and they may be called by its Chairman or by a majority of its members.
- (b) All quasi-legislative sessions of the Horse Racing Board shall be deemed as public and the participation of any interested party shall be freely allowed during the session. A public record of every session, meeting or decision, shall be kept in the [Horse] Racing Board's office, which may be inspected by the public during the Board's regular working hours.
- (c) The sessions of the Board shall be held at the seat of the Board in the Municipality of San Juan and shall be announced sufficiently in advance. However, the Horse Racing Board may, should it be deemed necessary, hold sessions or meetings outside of the Municipality of San Juan, in which case its members shall be entitled to receive the corresponding per diem as fixed in this Act.

Section 10. — Horse Racing Board - Seal. (15 L.P.R.A. § 198i)

- (a) Every order, resolution, decision or official document issued by the Horse Racing Board shall bear its official seal, which shall be duly registered with the Department of State, and without which no document shall be deemed as official.
- (b) Once the seal, together with the signatures of the members of the Board and the Horse Racing Administrator have been registered with the Department of State, official cognizance shall be taken thereof.

Section 11. — Horse Racing Administrator. (15 L.P.R.A. § 198j)

- (a) The Horse Racing Administrator shall be appointed by the Governor, with the advice and consent of the Senate, for a term of four (4) years, and until his successor is appointed and qualifies.
- (b) The salary of the Horse Racing Administrator shall be fixed in the Operating Budget of the Government of the Commonwealth of Puerto Rico Act and may not be of less than

seventy-five thousand dollars (\$75,000) per year. The Governor may appropriate a differential of up to one third (1/3) of his/her salary.

(c) He/she may be substituted by the Governor at his/her discretion.

Section 12. — Horse Racing Administrator - Powers. (15 L.P.R.A. § 198k)

(a) The Administrator shall be the executive official and administrative director of all horse racing activities in Puerto Rico, and shall have the power, without being limited thereto, to:

(1) Enforce compliance of the racing laws and regulations and the orders and resolutions of the Horse Racing Board.

(2) Grant, suspend temporarily, or permanently cancel the licenses of horse owners, jockeys, trainers, grooms, or any other type of license or permit connected with horse racing activities, except the racetrack licenses.

Provided, That to cancel any of said licenses temporarily or permanently, the Administrator shall notify the person of the charges, and give the injured person the opportunity to be heard in his defense, *motu proprio* or through counsel.

(A) Except in the cases of owners, the Administrator may require the interested parties in the other cases to present evidence of their knowledge, aptitudes, experience and skills, or to appear to take special courses when they are available.

(B) The Administrator can require the presentation of a health certificate, and shall require a certificate of good behavior from those persons interested in being granted a license or having theirs renewed; Provided, That in the case of horse owners' and public trainers' licenses requested for the first time, their financial accountability shall be certified through a financial statement duly audited and certified by a certified public accountant, as well as a copy of the income tax return for the last three (3) years prior to the date of filing the application for the license. He shall also require a certificate of good behavior certified by the Police of Puerto Rico or abroad. This last requirement shall be applicable to the case of personnel operating with licenses granted by the Horse Racing Administrator. The application for a license, as well as the documents required in this section, shall be duly attested.

(3) The Horse Racing Administrator shall not grant licenses, nor shall he renew them or allow them to remain in effect, if the investigation of the applicant and/or holder thereof produces attesting evidence of the repeated and continuous lack or noncompliance with his financial responsibilities, or if he is not capable of meeting his financial obligations in Puerto Rico as well as in those states or countries with which there is reciprocity in horse racing activities, whether these responsibilities and obligations are connected or not with the person's business, occupation or profession.

(4) No type of license shall be granted or renewed, nor shall its effectiveness be permitted if the applicant and/or holder thereof has had a license suspension or cancellation in any other country with which Puerto Rico has reciprocity in the horse racing sport.

(5) No license or permit of any kind shall be granted to any applicant who refuses to submit to an anti-drug test required by the Horseracing Administrator, or whose test gives a positive result if the applicant agrees to take the test; nor should any license or permit be renewed or kept effective after the holder of said license or permit has been referred to rehabilitation treatment on account of having been identified and corroborated as a

controlled substance user and who has a positive result in a subsequent test; Provided That the [Horse Racing] Board shall establish the procedure to be followed through regulations.

(6) The Administrator shall fix, by an order to such effects, the closing time for the offices located in the racetracks charged with receiving the cards that register the wagers made in the racing agencies.

(7) He may suspend the races in any racetrack when, in his judgment, said track does not offer the proper security, safety and comforts to the public which attends it, nor to the jockeys, trainers, and other stable personnel, horse owners, and officials who directly or indirectly take part in the spectacle, or when the bettor's interests or rights could be affected adversely.

(8) Hold hearings, summon witnesses, take oaths, and order the presentation of books and documents he deems are necessary for the consideration of any matter before him. When there is a refusal to comply with any of the summons or orders issued by the Administrator, he may resort to the Court of First Instance of Puerto Rico, so that the court may order compliance of said summons or order under penalty of contempt. A violation of this statute shall be treated as it is established in subsection (b)(11) of Section 6 of this Act.

(9) Delegate, when he deems it convenient, on an Examining Official, who shall be a member of the Bar, to receive evidence with regard to any matter or complaint presented before the Administrator. The official thus designated may take the oath of those witnesses who appear before him, and shall render a report to the Horse Racing Administrator containing his findings of fact and conclusions of law. The injured party may challenge said report before the Administrator within ten (10) calendar days after having been notified thereof.

(10) Appoint the personnel needed for the operation of the Puerto Rican Horse Racing Sport Administration, including a Deputy Administrator, who shall substitute the Administrator in case of vacancy, or his temporary absence or disability.

(11) Contract the services of the personnel required to hold horse races, including, but not limited to: the Stewards, the starting and finishing judges, the paddock, registration, track, weighing or mounting officials, veterinarians, betting inspectors, or any other personnel deemed necessary. The place where these persons carry out their functions shall be deemed as part of the Puerto Rican Horse Racing Sport Administration, and their powers, duties and functions shall be provided in the Horse Racing Regulations.

(12) Inspect all the dependencies of the racetracks, stables, and ranches, as well as all the establishments used for the maintenance and operation of the printing business or other betting and wagering mechanisms, and may require all of them, as he deems necessary, to adopt reasonable measures for the protection, safety and comfort of the general public.

(13) Attend the Board meetings when his presence is required, or when he deems it is necessary for the best performance of his functions.

(14) Establish and supervise a vocational racing school, appoint and contract the personnel needed for its operation, and promulgate, with the approval of the Horse Racing Board, the rules and standards under which said school shall function. The school's operating expenses shall be defrayed through the special fund created by Article 44a of Section (b) of Section 11 of Act No. 2 of January 20, 1956, through the

corresponding annual appropriation in the General Budget of Expenses of the Horse Racing Industry and Sport Administration.

It is further provided that the Horse Racing Administrator shall issue licenses to ride and to participate in horse races to any person over seventeen (17) years of age who has graduated from the vocational racing school.

(15) Mediate, together with the Secretary of Labor, if possible, in any labor-management or union dispute or any related with any group that participates in horse racing activities or the industry, that could endanger the holding of the races. His intervention can be requested by any of the parties involved, and none of them may call a strike until the Horse Racing Administrator has intervened for a period of not more than fifteen (15) days to try to achieve a satisfactory solution to the problem and no agreement has been reached. This provision does not invalidate the constitutional guarantees of the right to strike or to picket, if no satisfactory solution is found.

(16) Personnel appointed by the Administrator for the development and supervision of the races shall be by contract, which may be rescinded by the Administrator at any moment he believes it is necessary to safeguard the integrity of the sport and uphold the public's trust in it. The personnel of the Administrator's Office shall be appointed according to the provisions of Act No. 5 of October 14, 1975, known as the "Puerto Rico Public Service Personnel Act"; Provided, That the Administrator shall determine the number of employees and shall fix the salaries of those deemed as confidential employees according to the wage scales promulgated by the Personnel Administration Central Office.

Section 13. — Stewards. (15 L.P.R.A. § 198l)

There shall be three (3) Horse Racing Stewards, a Chairperson and two (2) associate members, who shall be appointed by the Horse Racing Administrator and shall serve according to the criteria established by the Administrator.

The Stewards shall have the power to take oaths and statements concerning all those cases related to the holding of the races, as well as to issue orders to the operating enterprise and all other persons who hold licenses issued by the Horse Racing Industry and Sport Administration leading to the adoption of reasonable measures that may be needed during racing days for the protection and physical safety of the components of the racing industry and the general public. They shall likewise have the power to impose administrative sanctions for any violation of the law or the regulations while said events are being held. Said sanctions shall adjust to the provisions of this Act and to the regulations adopted by the Horse Racing Board. The duly constituted Horse Racing Stewards shall be the supreme authority while the races are being held. Act No. 170 of August 12, 1988 [3 L.P.R.A. secs. 2101 et seq.], shall not apply during the procedures held before the Stewards; Provided, That the Stewards shall guarantee due process of law.

Section 14. — Review - By the Board. (15 L.P.R.A. § 198m)

Any person affected by the orders, decisions, suspensions or fines imposed by the Horse Racing Administrator, the Stewards or any other authorized official, may personally, or

through legal counsel, request a review before the Horse Racing Board. The Horse Racing Board may review, on the basis of the file, the decisions issued by the Horse Racing Administrator, the Stewards or any other official in the exercise of the duties and powers conferred by the Horse Racing Act, the Horse Racing Regulations or other applicable orders or resolutions. The Board may hold argumentative hearings concerning any review proceedings. The Horse Racing Board may not alter or change the determinations of fact of the Horse Racing Administration in its resolutions unless they are not supported by substantial evidence, after examining the file as a whole or when the file indicates that the actions of the latter are conducted outside the scope of the law.

The petitions for review shall not suspend the effect of the orders, decisions, suspensions and fines while they are being resolved by the Board. Provided, That the Horse Racing Board, in order to determine just cause, shall hear both parties before suspending the effects of any order, decision, suspension or fine imposed by the Horse Racing Administrator, the Stewards or any other official authorized therefore. In the case of fines, the person sanctioned may not register, train, care for or ride horses unless he/she deposits with the Office of the Administrator the amount of the fine, which shall be returned to him/her if the resolution of the Board is favorable to him/her. The operating enterprise shall also deposit the amount of the fine imposed in order to be able to appeal before the Horse Racing Board or the court. Noncompliance with or delay in complying this requirement or in the payment of the fine shall entail the payment of interest on the amount owed.

Every petition for review must be filed with the Office of the Secretary of the Horse Racing Board within the jurisdictional term of twenty (20) days as of the date of notice of the order or resolution.

The Board shall see the petition for review within thirty (30) days after being filed with the aforementioned Office of the Secretary and shall issue a resolution within sixty (60) days after the hearing. The Board shall issue a resolution denying, sustaining, modifying or revoking the revised order, resolution or decision. The Horse Racing Board shall be bound to make determinations of fact and conclusions of law in all cases whereby it issues a resolution, which must in turn, cite the facts according to the evidence presented. The quantum of evidence shall consist of the substantial evidence regarding those cases that come before the Horse Racing Administrator and the Horse Racing Board.

The affected party may petition for a reconsideration of the order or resolution of the Horse Racing Board, through a motion to that effect, which shall be filed with the Office of the Secretary of the Board within the jurisdictional term of twenty (20) days as of the date of notice of the order or resolution. The Horse Racing Board may not alter or change the determinations of fact in the resolutions of the Horse Racing Administrator unless these are not supported by substantial evidence, after examining the file as a whole or when the file indicates that the actions of the latter were conducted outside the scope of the law.

The Board shall establish, through regulations, the manner in which the procedures before it shall be conducted.

Neither the filing of the motion for reconsideration provided by this Act nor the issue of the writ of review issued by the Circuit Court of Appeals shall suspend the effectiveness of the decision, order, resolution or action which the Board has been asked to reconsider or which has been appealed before the court.

No injunction or cease and desist order or any restrictive measure which hinders the execution of the orders or resolutions appealed, shall be issued without notifying or hearing the Board, the Horse Racing Administrator, the Stewards or any other official, as the case may be.

Section 15. — Review - By the courts. (15 L.P.R.A. § 198n)

(a) The final decisions, orders or resolutions of the Horse Racing Board may only be reviewed through an appeal for review by the Court of First Instance of Puerto Rico, solely with regard to errors of law, following the procedure framed in the Rules Applicable to Writs of Review of Administrative Decisions before the Court of First Instance, approved by the Supreme Court of Puerto Rico. Before filing the petition for review, the reconsideration of the decision, order or resolution of the Horse Racing Board shall be requested by a motion to such effects, which the Horse Racing Board shall resolve within a term of ten (10) days.

(b) The petition for review provided herein shall be presented within a term of thirty (30) days after the corresponding final decision, order or resolution has been served on the injured party; Provided, That the appellant may only allege as errors of law in his appeal for review, those that he alleged in his motion for reconsideration before the Horse Racing Board.

(c) The Court of First Instance shall resolve the appeal for review provided by this section within thirty (30) days after it was submitted.

(d) Neither the filing of the motion for reconsideration provided herein, nor the issuing of the appeal for review by the Court of First Instance shall stop the effect of the decision, order, resolution or action which the Board has been asked to reconsider, or which has been appealed before the courts.

(e) No injunction nor any other temporary restrictive measure shall be issued which will prevent the execution of the orders or resolutions appealed without prior notice to, or hearing of the Board, the Horse Racing Administrator, the Stewards, or any other official, as the case may be. Every judicial process before the courts of justice shall take into account the legislative intention of giving the horse racing sport the maximum degree of autonomy compatible with law and equity.

Section 16. — Granting licenses; special considerations. (15 L.P.R.A. § 198o)

(a) No license whatsoever may be granted or renewed for horse racing activities to any person who has been convicted of violating any of the provisions of the Controlled Substances Act of Puerto Rico or who have been convicted of a felony or a misdemeanor that implies moral turpitude, until a minimum of five years has elapsed from the date of the criminal act and the person has met all the conditions that the Horse Racing Administrator and the Horse Racing Board have provided by regulations.

(b) No license granted shall be in effect for more than four (4) years. Licenses shall be renewed according to the date of birth of the applicant, provided that the necessary documents and the payment of the corresponding fees shall be submitted each year according to the provisions of this Act and the Horse Racing Regulations. The licenses for juridical persons shall be renewed a year after their date of issue. The Horse Racing Administrator

shall establish the process to be followed for granting licenses through an administrative order.

(c) The racetrack or racetracks may request authorization for transmitting races through the simulcasting process so as to broaden their local race program, receive bets on and obtain receipts from imported races. The discounts provided in Section 20 of this Act shall be applied to the receipts generated by the simulcast races. Any simulcasting shall be requested from and approved by the Board. The Racing Board shall establish through regulations the requirements for approving, in every particular case, the simulcast broadcast which shall operate independently from the local races.

Section 17. — Prohibition to officers and employees. (15 L.P.R.A. § 198p)

(a) No member of the Horse Racing Board, nor the Horse Racing Administrator, nor any other official or employee of the Horse Racing Sport Administration, shall have any proprietary interest in the racetracks, nor in those horses that take part in the races, nor can they make wagers in horse races in Puerto Rico. Any violation of this section shall be sufficient cause for the removal of the official or employee.

(b) No official of the Horse Racing Industry and Sport Administration appointed by the Governor may work for an enterprise operating a racetrack until at least one (1) year has elapsed after ceasing in office.

(c) No official or employee of the racetracks who intervenes directly with any type of authorized betting may have any proprietary interest or share in the ownership of the horses that run in the horse races. The natural or juridical persons who operate the racetracks shall be advised of any violation of this Section and the employee or official who is responsible for the violation shall cease as such, or the racetrack license shall be suspended as long as the person responsible remains as an employee of the racetrack; provided, that before the Horse Racing Administrator requires the dismissal of the employee or the suspension of the license to operate the racetrack by the Horse Racing Board, the persons concerned shall be given the opportunity to be heard in their defense, on their own or through counsel, and to appeal for a review before the Court of First Instance.

Section 18. — Undesirable practices. (15 L.P.R.A. § 198q)

(a) The following practices in horse racing activities shall be deemed to be undesirable when committed in any place, within or outside the physical facilities of a racetrack in Puerto Rico. In all cases any attempt shall be deemed as an undesirable practice. Those practices carried out abroad evidenced by final and binding disposition of the forum with legal authority to do so shall be deemed as undesirable practices.

(b) *Fraud in the Races.*

(1) Every jockey or person who by fraudulent, illegal or illicit means interferes with the normal course of a race, or prevents the horse that he or any other jockey is riding in a race from exerting its maximum effort.

(2) Every person who is connected with horse racing activities inside or outside of the same, who directly or indirectly bribes, or by any other means influences a jockey so that said jockey by fraudulent, illegal or illicit means interferes with the normal development

of a race, or prevents the horse that he or any other jockey is riding in a race held in a racetrack in Puerto Rico, from exerting its maximum effort.

(3) Any jockey or person who applies an electric battery or any similar artifact to a horse in the stable area or in an official or practice race or during morning exercises held in the racetracks of Puerto Rico for the purpose of stimulating, improving or altering the competitive ability of said horse.

(4) Every person who tries to incite, or incites a jockey to apply an electric battery or similar apparatus to any horse that is running in a race, practice or morning exercise held in the racetracks of Puerto Rico with the purpose of stimulating, improving or altering the competitive ability of said horse.

(5) Every person who bears on his person, or in any piece of his clothing within the stable area, paddocks, starting areas or mounting stations, an electric battery or similar apparatus that can be applied to a horse during a practice, morning exercise, or official race with the purpose of stimulating, improving or altering the race horse's competitive ability.

(c) *Illegal bets.*

(1) That any person or persons announces or offers for sale, sells, donates, trades, exchanges, or in any other way or means transports, bears on his person, buys, takes, receives or accepts, prints, writes, has printed or written, distributes or transfers any unauthorized printed matter, or card, or paper which is presumed to be, constitutes, or represents a means of participation or action in any form, bet, or wager authorized by this Act, regulations, order, or resolution of the Board, operating or conducting said act in contravention or in violation of its provisions.

(2) That any person maintains, exploits, operates or manages any place where said wagers are carried out in contravention or violation of this Act, or the regulations, orders or resolutions of the Horse Racing Board.

(3) That any person gives, pays, delivers or distributes, takes or receives any money or other thing such as prizes, gratuities, or winnings in or by such wagers thus maintained, exploited or managed, or who cooperates, helps, sees or participates in any of the above-mentioned acts.

(4) That any person or persons offer or accept a wager with regard to a race horse's probable order in the finish of a race in violation of this Act, regulations, order or resolution of the Horse Racing Board, or any other applicable statute.

(d) *Alteration or cancellation of Betting Tickets.*

(1) That after a bet has been officially registered at a Horse Racing Agency or at the racetrack, the ticket is altered or mutilated...

(2) That in any illegal way or by illicit means an attempt is made to register a betting ticket in order to obtain the product of the bet.

(3) That any person, in any way, joins with another to defraud any of the persons concerned in the authorized wagers.

(4) That a horse racing agent, his/her employees or the employees of the mutuel window of the Operating Enterprise cancels a ticket played without being told to do so by the bettor.

(e) *Fraudulent birth or registration certificate.- ...*

(1) That any natural or juridical person attempts to register or does register an imported horse in the registers of the Administration, by any means, making it appear as a native horse.

(2) That any natural or juridical person attempts to alter or alters the birth or registration certificate of a native or imported horse in any way.

(f) *Penalties.*—Any person who incurs any of the aforementioned practices shall be guilty of a felony and if convicted shall be sentenced to a penalty of not less than five (5) years of imprisonment or a fine of five thousand (5,000) dollars, nor of more than ten (10) years of imprisonment or a fine of ten thousand (10,000) dollars, or both penalties at the discretion of the court. The Horse Racing Administrator or the Horse Racing Board may impose upon any person who violates any provision of this Act or of any Regulation or Order promulgated according to the provisions thereof, an administrative fine of not less than five hundred (500) dollars nor of more than five thousand (5,000) dollars for each violation. The vehicles, equipment and monies used in the commission of these undesirable practices shall be confiscated. The Horse Racing Administrator or the Horse Racing Board may submit any evidence available concerning violations of this Act, or of any regulation or order promulgated pursuant to the same, to the Secretary of Justice or to any other competent body so as to request the corresponding investigation.

The Horse Racing Administrator or the Horse Racing Board may take the measures deemed necessary to prevent the commission of any of the undesirable practices herein listed or may initiate any proceeding for a party to respond for having incurred any of said undesirable practices. The costs, expenses and a reasonable amount for attorney’s fees pertaining to said proceeding shall also be imposed upon the guilty party. Said funds shall be covered into the special fund of the agency.

Non-compliance of the Operating Enterprise with the obligation to deposit, within the established term, the discount of the government or the fines imposed, shall empower the Secretary of the Treasury, at the request of the Horse Racing Board, to execute any bond issued by the Operating Enterprise.

Section 19. — Collection of fees. (15 L.P.R.A. § 198r)

The Administrator shall charge the following fees:

(1) For each racetrack license, per year or part of a year ..	\$250,000.00
(2) For the first license of the horse owner or stable per year or part of a year	250.00
(3) For each subsequent renewal of horse owner or stable license per year or part of a year	100.00
(4) For each jockey license per year or part of a year	25.00
(5) For each renewal of jockey license per year or part of a year	25.00
(6) For each private trainer license per year or part of a year	50.00
(7) For each renewal of a private trainer license per year or part of a year	50.00

(8) For each groom license per year or part of a year	10.00
(9) For each renewal of groom license per year or part of a year	10.00
(10) For the registration of the colors of each stable or owner per year or part of a year	10.00
(11) For renewal of the registration of the colors of each stable or owner per year or part of a year	10.00
(12) For the first inspection and marking of a native colt ...	10.00
(13) For the registration of a native colt or horse in the stud book	35.00
(14) For the registration of an imported horse apt for reproduction in the stud book	35.00
(15) For the transfer of the registration of a horse registered in the stud book to the Race Horse Register	5.00
(16) For each license renewal of a sales agent	75.00
(17) For the registration of an imported horse not apt for reproduction in the Race Horse Register	50.00
(18) For each inspection or reinspection of a horse	25.00
(19) For entering each change of name of a horse when the change is made voluntarily and at the owner's request, except when said entry is made by order of the Horse Racing Administrator	100.00
(20) For the entry of each transfer or sale of a horse	20.00
(21) For each application to purchase or claim in a claiming race	20.00
(22) For each certified copy of a registration in the stud book or in the Race Horse Register	20.00
(23) For each copy of any public document kept by the Administration:	
Certified-per page	0.75
Uncertified-per page	0.50
(24) For each sales agent license per year or part of a year .	75.00
(25) For pedigree certificate for five (5) years	20.00
(26) For a duplicate license	10.00
(27) License for owner of horse farm	150.00
(28) For annual renewal	75.00
(29) Breeder license	75.00
For annual renewal	50.00
(30) Owner-trainer license per year or part of a year	250.00
For annual renewal	90.00
(31) Public trainer license per year or part of a year	100.00
For annual renewal	100.00
(32) Valet license	5.00
For annual renewal	2.00

(33) Jockey agent license	50.00
For annual renewal	25.00
(34) Representative's license	150.00
For annual renewal	50.00
(35) Export certificate	25.00
(36) Fee for claim	25.00
(37) Application for imported horse registration (Male or Female)	35.00
(38) Application for imported horse registration (Gelding)	30.00
(39) For each horseshoer license	20.00
(40) For each renewal of horseshoer license per year or part of a year	20.00
(41) For each transporter license	20.00
(42) For each renewal of transporter license per year or part of a year	20.00
(43) For each trainer license (exerciser)	20.00
(44) For each renewal of trainer license (exerciser) per year or part of a year	20.00
(45) For each trainer license (trotter)	20.00
(46) For each renewal of trainer license (trotter) per year or part of a year	20.00
(47) For each veterinarian license	20.00
(48) For each renewal of veterinarian per year or part of a year	20.00
(49) For each veterinarian assistant license	20.00
(50) For each renewal of veterinarian assistant license per year or part of a year	20.00
(51) For each harness repairman license	20.00
(52) For each renewal of harness repairman license per year or part of a year	20.00
(53) For each change in the colors	10.00
(54) For each renewal of change in the colors	10.00
(55) For each copy of the Horse Racing Regulations	10.00
(56) For each copy of the Controlled Medications Regulations	6.00
(57) For each copy of the Stabling Regulations	4.00

The Horse Racing Administrator may also collect the fees authorized by the Horse Racing Board through an order or regulations, for the courses, examinations and the filing of miscellaneous documents or applications for which no specific fee whatsoever has been specified in this Act. The fees collected shall be covered into the operating budget of the Horse Racing Industry and Sport Administration.

Section 20. — Deductions on bets. (15 L.P.R.A. § 198s)

Natural or juridical persons who operate racetracks, or firms authorized to receive bets, shall make the following deductions therefrom:

(1) Parimutuel bets Of the gross amount wagered after deducting the racing agent's commissions and the money bet on the winning horses, the following deductions shall be made:

(a) 25% to be divided according to the agreement between the racetrack operator and the horse owners.

(b) 2.6% for the Commonwealth Treasury's General Fund.

(2) Daily double bets On the gross total wagered:

(a) 11% for agent commissions.

(b) 26% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 1% for the Commonwealth Treasury's General Fund.

(3) Pool bets On the total gross wagered:

(a) 11% for agent's commission.

(b) 26% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 1% for the Commonwealth Treasury's General Fund.

(4) Other authorized bets

(a) 11% for agent's commission.

(b) 20% to be divided according to the agreement between the racetrack operator and the horse owners.

(c) 1% for the Commonwealth General Fund.

(d) 5% for the Breeders' Fund.

(5) In the payoffs of the bets the winners shall not be paid for the first four (4) cents or fractions thereof, which shall be retained by the natural or juridical persons operating the racetrack, and deposited each day in a special bank account in a local banking institution where they will earn interest, to be redistributed as bonuses to the bettors. The redistribution shall be made on three (3) occasions during the calendar year, as provided by the Board through an order to such effect.

(6) The right to collect prizes shall expire after three (3) months counting from the day they are won, and such unclaimed money shall be remitted immediately by the corporation that owns the racetrack to the Secretary of the Treasury, who shall distribute it as follows:

(a) Sixty percent (60%) of the amount thus remitted shall be covered into the Commonwealth Treasury's General Fund, and

(b) forty percent (40%) of the amount thus remitted shall be covered into a special account destined for the Horse Racing Industry and Sport to defray the cost of the antidoping test contemplated in subsection (a)(5) of Section 12 of this Act; and for the improvement of the horse racing sport in general.

(7) All prizes won in the various wagers of the racing sport shall be exempted from the payment of income taxes.

Section 21. — Repealing Clause. (15 L.P.R.A. § 198 note)

Act July 22, 1960, No. 149, as amended, known as "Puerto Rico Racing Act", is hereby repealed, provided, that Act July 23, 1974, No. 129, creating the Racing Vocational School shall continue in effect.

Section 22. — Transfer. (15 L.P.R.A. § 198 note)

The regular personnel, records, properties and unspent balances from prior appropriations of the former Racing Sport Administration are hereby transferred to the Horse Racing Industry and Sport Administration.

The personnel transferred shall retain the same position it occupied at the time of the transfer and all the rights, privileges and obligations regarding any pension or retirement system, and savings and loan funds with which they have been affiliated before the approval of this act.

Section 23. — Temporary Provisions. (15 L.P.R.A. § 198 note)

(1) The rules and regulations in effect on the effective date of this act shall remain in effect provided they are not in conflict with this act, and until they are replaced by the rules and regulations authorized by this act.

(2) The Horse Racing Administrator shall draw up draft regulations within a term of ninety (90) days from the effective date of this act, which he shall submit to the Racing Board. The Board shall conduct public hearings within the next sixty (60) days, after which it may approve, modify or reject the draft rules submitted by the Administrator, and shall adopt those that it deems are necessary to regulate the horse racing activities. The Board may introduce amendments to the rules, repeal them, or adopt other *motu proprio*, or by recommendation of the Administrator, and at all times shall conduct public hearings. Once the hearings are held, the Board shall have sixty (60) days, which may not be extended, to submit the final regulation for the approval and signature of the Governor, which must be filed in the Department of State pursuant to law.

(3) The Administrator may use all the documents, stamps, stationery and office supplies that bear the name of the act repealed hereby, until they are exhausted, and he can make the pertinent changes with regard to the change of the Administration's name.

Section 24. — Effectiveness.

Section 25. — Racehorse Inventory. (15 L.P.R.A. § 198t)

The racetrack Operating Enterprise shall maintain an inventory of the thoroughbred racehorses available for participating in races. The Horse Racing Administrator shall establish, through an administrative order, the dates on which said inventory shall be drafted. Provided, that said inventory shall be submitted to the office of the Horse Racing Administrator not later than thirty (30) days after being drafted.

Section 26. — Taxation on horse owners. (15 L.P.R.A. § 198u)

In order to stimulate the purchase of racehorses and foster reinvestments in the horse racing industry by horse owners, the excise tax on the prizes won by these in official races in Puerto Rico is hereby reduced from six (6) percent to three (3) percent as of the beginning of the natural year following the approval of this Act; and from three (3) percent to zero percent after the beginning of the second year.

This provision repeals all other provisions contained in any other law, including the Internal Revenue Code and the Excise Tax Law.

Section 27. — [Special Account] (15 L.P.R.A. § 198v)

The amount corresponding to the General Fund from unclaimed prizes shall be covered into the special account of the Puerto Rico Horse Racing Industry and Sport Administration. The latter shall use said funds as an incentive so that the horse owners may acquire more and better thoroughbred horses. The use of said funds shall be promulgated through regulations, which must be approved by the Horse Racing Board. The funds shall be used, but its uses shall not be limited to, allow the Administration to make donations and grant low-interest loans to owners for the acquisition of racehorses, as well as to acquire studhorses of proven quality to donate or lease their services at reasonable cost.

Section 28. — Authorization to Establish the Electronic Video Games System; Regulations; Implementation. (15 L.P.R.A. § 198w)

An Electronic Video Games System is hereby authorized and established solely and exclusively in those premises where Horse Racing Agents operate, through which a person may participate in the various modalities of said games. Likewise, the use of an interactive computer system is hereby authorized to allow registering the bets at the time they are made.

With the collaboration of the Executive Director of the Tourism Company and the Secretary of the Department of the Treasury, the Board shall be responsible for adopting and promulgating the regulations needed for the implementation of the Electronic Video Games System pursuant to the provisions of Act No. 170 of August 12, 1988, known as the Uniform Administrative Procedures Act of the Commonwealth of Puerto Rico. The provisions of said regulations, to be implemented by the Administrator, without their being construed as a limitation, shall be the following:

- a) The Electronic Video Games System shall be operated only on those days on which horse races are held.
- b) The product of the games played in the Electronic Video Games System, minus the prizes paid, shall be remitted by the Horse Racing Agent to the Operating Enterprise or deposited with banking institutions expressly authorized by the Operating Enterprise for such purposes, on the date or within the term established by the Operating Enterprise. The latter may require that the Horse Racing Agent establish a special account at a banking institution through which electronic transfers may be made in order to receive the monies on account of the plays, make payments to and receive payments from the Operating Enterprise;

- c) The Operating Enterprise is hereby authorized to negotiate and execute contracts with Providers for the design and implementation of the Electronic Video Games System;
- d) The Net Receipts Proceeding from the Operations of the Electronic Video Games System shall be covered into a special account created by the Operating Enterprise;
- e) As of February 1, 2006, and subsequently on February 1st of each year, the Administrator shall submit an annual report on the implementation of the Electronic Video Games System to the Legislature of the Commonwealth of Puerto Rico.

Furthermore, the Regulations shall contain or establish, without it being construed as a limitation, the following:

- a) The undesirable practices that must be prohibited to safeguard and maintain the public trust in the authorized Electronic Video Games System and provide the sanctions and administrative fines applicable for incurring the same;
- b) The installation of a computer system for registering the bets, as well as authorize the use of electronic equipment or systems to issue a Receipt to each player indicating the Play selected and any other information deemed necessary;
- c) The bonds that the Racetrack License holder, the Horse Racing Agents and the Providers must post to guarantee compliance with their obligations;
- d) The type of game that is to be adopted and the manner in which to play the same;
- e) The number of prizes and their amounts;
- f) The manner in which the prizes are to be paid;
- g) The reports that must be submitted by the Horse Racing Agents, related to the transactions for the Plays, as well as the manner in which these must be filed and the information they must contain; and
- h) All other matters necessary and convenient for the efficient operation of the Electronic Video Games System or for the convenience of the public.

For the purposes of this Section and Sections 28, 29 and 30 of this Act, the terms that appear below shall have the following meaning:

- a) Account for Race Prizes: Means the account maintained by a racetrack to pay the monies to the owner of a racehorse for the performance of said horse in an official race according to the regulations of the Horse Racing Industry and Sport Administration. It includes regular, supplementary or retroactive prizes, donations, gratuities, gifts or any monies received by an owner as direct or indirect results of the participation of the owner's horse in an official race.
- b) Horse Racing Agents Commission Fund: means the fund referred to in Section 29 of this Act.
- c) Net Receipts on Operations: Means the total product of the games played from all games that comprise the Electronic Video Games System, after discounting the prizes paid by the Horse Racing Agents and the Operating Enterprise.
- d) Game Played: Means the selection made by the player as to the type of game as evidenced in a receipt.
- e) Provider: Means the person who owns or operates the tangible and intangible assets that comprise an Electronic Video Game.
- f) Electronic Video Games System or Electronic Video Game: Means that transaction or operation through terminals located in the premises operated by Horse Racing Agents that

allow a person to participate in electronic games through which, by chance, said person may receive credits that may be redeemed for cash.

Section 29. — Horse Racing Agents Commission Fund. (15 L.P.R.A. § 198x)

The Board shall establish, through regulations, a Horse Racing Agents Commission Fund, which shall obtain the percentage of the Net Receipts on Operations allotted in Section 30 of this Act to be distributed among the Horse Racing Agents according to the provisions of said regulations.

Section 30. — Distribution of net receipts proceeding from the Operations of the Electronic Video Games System. (15 L.P.R.A. § 198y)

The net receipts proceeding from the Operations of the Electronic Video Games System shall be covered into a special account created by the Operating Enterprise. The amount to be distributed to the player in prizes shall not be less than eighty-three (83) percent of the total value of the games played. This ratio shall be measured on the basis of the parameters to be established through regulations.

The Operating Enterprise shall distribute the net receipts from the Operations in the following order and manner:

- a) if the Electronic Video Games System is operated by the Operating Enterprise:
 - 1. fifteen (15) percent to the Horse Racing Agents Commission Fund, to be paid according to what was established through regulations;
 - 2. fifteen (15) percent to be paid into the Account for Race Prizes; and
 - 3. seventy (70) percent to the Operating Enterprise
- b) if the Electronic Video Games System is operated by a Provider:
 - 1. fifteen (15) percent to the Horse Racing Agents Commission Fund, to be paid according to what was established through regulations;
 - 2. fifteen (15) percent to be paid into the Account for Race Prizes; and
 - 3. the remainder
 - (i) the amount agreed upon by the Provider and the Operating Enterprise shall be divided between the Provider and the Operating Enterprise pursuant to the agreement between the Operating Enterprise and the Provider.

Any remainder from the net receipts proceeding from the Operations of the Electronic Video Games System, after the items mentioned in the preceding paragraphs have been covered, shall be paid and covered into the General Fund of the Commonwealth of Puerto Rico.

Note. This compilation was prepared by Puerto Rico OMB staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text. Compiled by the Office of Management and Budget Library.