CONGRESS OF THE PHILIPPINES SIXTEENTH CONGRESS Third Regular Session

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HOUSE OF REPRESENTATIVES

II. No. 6168

BY REPRESENTATIVES MADRONA AND TEODORO

AN ACT AMENDING THE FRANCHISE GRANTED TO BYERS COMMUNICATIONS, INC. UNDER REPUBLIC ACT NO. 8107, EXPANDING ITS SCOPE INTO NATIONAL COVERAGE, AND RENEWING ITS TERM FOR ANOTHER TWENTY-FIVE (25) YEARS

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

SECTION 1. Republic Act No. 8107 is hereby amended to read as follows:

"[SECTION 1. Subject to the provisions of the Constitution, as well as other applicable laws and their amendments, the Byers Communications, Inc., its successors or assigns, hereunder referred to as the grantee, shall be granted a franchise to construct, establish, operate and maintain for commercial purposes and in the public interest radio broadcasting and television stations within the National Capital Region and Central Visayas Region.

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"SEC. 2. The radio broadcasting and television stations shall not be put in actual operation until the National Telecommunications Commission shall have allotted to the grantee the frequencies, wavelengths, and channels to be used under this franchise and determined the stations to and from which each frequency and wavelength may be used, and issued licenses for such use.

"The National Telecommunications Commission, on reasonable notice to the grantee may, at any time, change, cancel, or modify, in whole or in part, any or all of the allotments of frequencies or wavelengths to be used. It may take such action: (1) whenever in its judgment such frequencies and wavelengths have been used or there is danger that they will be used by the grantee to impair electrical communications, or stifle competition, or to obtain a monopoly in electrical communications, or to secure unreasonable rates for such communications, or to violate otherwise the laws or public policy of the Philippine Republic; (2) whenever in its judgment the public interest of the Republic of the Philippines requires that such frequencies and wavelengths be used for other purposes than those of the grantee, either by the government of the Philippines or by other individuals or corporations licensed by it; and (3) whenever in its judgment, for any reason, the public interest of the Philippines so requires.

"SEC. 3. This franchise is granted for a period of twenty-five (25) years and upon the express condition that the same shall be void unless the construction of one station be completed within two (2) years from the date of the approval of this Act.

 "SEC. 4. This franchise is likewise granted on the condition that the grantee shall provide adequate public service time to enable the government, through the said radio broadcasting and television stations, to reach the population on important public issues; assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations for the broadcasting and/or telecasting of obscene or indecent language, speech, act or scene, or for the dissemination of deliberately false information or willful misinterpretation to the detriment of the public interest, or to incite, encourage, or assist in subversive or treasonable acts.

"SEC. 5. The grantee, its heirs, successors or assigns, shall so construct and operate its radio and television stations so as not to interfere with the operations of other radio and television stations maintained and operated in the Philippines.

"Sec. 6. The grantee shall not require any previous censorship of any speech, play, act, scene or other matter to be broadcast and/or telecast from its stations: *Provided*, That, the grantee, during any broadcast and/or telecast, shall cut off from the air the speech, play, act, scene or other matter being broadcast and/or telecast, if the tendency thereof is to propose and/or incite treason, rebellion, or sedition, or the language used therein or the theme thereof is indecent or immoral, and willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

"SEC. 7. The grantee shall hold the national, provincial, and municipal governments of the Philippines free from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to person, caused by the construction or operation of the stations of the grantee.

"SEC. 8. A special right is hereby reserved to the President of the Philippines in times of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order, to take over and operate the said stations or to authorize the temporary use and operation thereof by any agency of the government, upon due compensation to the grantee, for the use of said stations during the period when they shall be so operated.

"SEC. 9. The President of the Philippines shall have the power and authority to permit the construction of said stations or any of them on any land of the public domain upon such terms and conditions as he may prescribe.

"SEC. 10. No private property shall be taken for any purpose by the grantee of this franchise, its successors or assigns, without proper condemnation proceedings and just compensation paid or tendered thereof, and any authority to take and occupy land obtained herein shall not authorize the taking, use, or occupation of any land except such as is required for the actual necessary purposes for which this franchise is granted. All lands or rights of use and occupation of lands granted to the grantee, its heirs, successors or assigns shall, upon termination of this franchise or upon its revocation or repeal, revert to the national, provincial, or municipal government to which such land or right to use and occupy belonged at the time of the grant hereof or the

5 1 right to use and occupy the same was conceded to the grantee 2 herein, its heirs, successors or assigns. 3 "SEC. 11. The right is hereby reserved to the government of the Philippines, through the National Telecommunications Commission or such other government agencies as may hereafter be duly authorized, to fix the maximum rate or charges to be charged by the grantee. "SEC. 12. As a condition of the granting of this franchise, the grantee shall execute a bond in favor of the government of the Philippines in the sum of Fifty thousand pesos (P50,000.00) in form and with sureties satisfactory to the Secretary of Transportation and Communications conditioned upon the faithful performance of the grantee's obligations hereunder during the first four (4) years of the life of this franchise. If, after four (4) years from the date of the approval of this franchise, the

grantee shall have fulfilled the said conditions, the bond shall be cancelled by the Secretary of Transportation and Communications, otherwise it shall be forfeited in favor of the

19 government.

> "SEC. 13. Acceptance of this franchise shall be given in writing within six (6) months after approval of this Act. Upon acceptance by the grantee and upon approval of the bond required under Section 12 of this Act by the Secretary of Transportation and Communications, the grantee shall be empowered to exercise the privileges granted thereby.

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> "SEC. 14. The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise, or the rights or privileges acquired thereunder to any person, firm, company,

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i corporation or other commercial or legal entity, nor merge with any other person, company or corporation organized for the same purpose, without the prior approval of the Congress of the Philippines. Any corporation to which this franchise may be sold, transferred, or assigned shall be subject to all conditions. terms, restrictions, and limitations of this franchise as fully and completely and to the same extent as if the franchise had been originally granted to the said person, firm, company, corporation or other commercial or legal entity.

"SEC. 15. In the event of any competing individual, partnership or corporation receiving from the Congress a similar franchise in which there shall be any term or terms more favorable than those herein granted or tending to place the herein grantee at any disadvantage, then such term shall tops facto become part of the terms hereof and shall operate equally in favor of the grantee as in the case of said competing individual, partnership or corporation.

"SEC. 16. The grantee shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons, natural or juridical, are now or hereafter may be required by law to pay.

"In addition thereto, the grantee, its successors or assigns, shall pay a franchise tax at such percentage as may be required by law on all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns: *Provided*, That the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of

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Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto. The grantce shall file the return with and pay the tax due thereon to the Commissioner of Internal Revenue or his duly authorized representative in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

"SEC. 17. This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

"SEC. 18. This Act shall take effect upon its approval.]

"SECTION 1. NATURE AND SCOPE OF FRANCHISE. - SUBJECT TO THE PROVISIONS OF THE 1987 PHILIPPINE CONSTITUTION AND APPLICABLE LAWS, RULES AND REGULATIONS. THE FRANCHISE GRANTED TO BYERS COMMUNICATIONS, INC., HEREUNDER REFERRED TO AS THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES, UNDER REPUBLIC ACT NO. 8107, TO CONSTRUCT, INSTALL, ESTABLISH. OPERATE, AND MAINTAIN FOR COMMERCIAL PURPOSES, INCLUDING PAY-SERVICE, AND IN THE PUBLIC INTEREST. RADIO AND/OR TELEVISION BROADCASTING STATIONS THROUGHOUT THE PHILIPPINES, WHERE FREQUENCIES AND/OR CHANNELS ARE STILL AVAILABLE FOR RADIO AND/OR TELEVISION BROADCASTING, INCLUDING DIGITAL TELEVISION SYSTEM, THROUGH MICROWAVE, SATELLITE OR WHATEVER MEANS, INCLUDING THE USE OF NEW TECHNOLOGIES IN TELEVISION AND RADIO SYSTEMS, WITH THE CORRESPONDING

TECHNOLOGICAL AUXILIARIES AND FACILITIES, SPECIAL BROADCAST AND OTHER PROGRAM AND DISTRIBUTION SERVICES AND RELAY STATIONS, IS HEREBY RENEWED FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT.

"SEC. 2. MANNER OF OPERATION OF STATIONS OR FACILITIES. — THE STATIONS OR FACILITIES OF THE GRANTEE SHALL BE CONSTRUCTED AND OPERATED IN A MANNER AS WILL, AT MOST, RESULT ONLY IN THE MINIMUM INTERFERENCE ON THE WAVELENGTHIS OR FREQUENCIES OF EXISTING STATIONS OR OTHER STATIONS WHICH MAY BE ESTABLISHED BY LAW, WITHOUT IN ANY WAY DIMINISHING ITS OWN RIGHT TO USE ITS SELECTED WAVELENGTHS OR FREQUENCIES AND THE QUALITY OF TRANSMISSION OR RECEPTION THEREON AS SHOULD MAXIMIZE RENDITION OF THE GRANTEE'S SERVICES AND/OR THE AVAILABILITY THEREOF.

"SEC. 3. PRIOR APPROVAL OF THE NATIONAL TELECOMMUNICATIONS COMMISSION (NTC). — THE GRANTEE SHALL SECURE FROM THE NTC THE APPROPRIATE PERMITS AND LICENSES FOR THE CONSTRUCTION AND OPERATION OF ITS STATIONS AND FACILITIES AND SHALL NOT USE ANY FREQUENCY IN THE RADIO/TELEVISION SPECTRUM WITHOUT AUTHORIZATION FROM THE NTC. THE NTC, HOWEVER, SHALL NOT UNREASONABLY WITHHOLD OR DELAY THE GRANT OF SUCH AUTHORITY.

"SEC. 4. RESPONSIBILITY TO THE PUBLIC. - THE GRANTEE SHALL PROVIDE ADEQUATE PUBLIC SERVICE TIME TO ENABLE THE GOVERNMENT, THROUGH THE SAID BROADCASTING STATIONS OR FACILITIES, TO REACH THE

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POPULATION ON IMPORTANT PUBLIC ISSUES; PROVIDE AT ALL TIMES SOUND AND BALANCED PROGRAMMING; PROMOTE PUBLIC PARTICIPATION SUCII AS IN COMMUNITY PROGRAMMING; ASSIST IN THE FUNCTIONS OF PUBLIC INFORMATION AND EDUCATION; CONFORM TO THE ETHICS OF HONEST ENTERPRISE: AND NOT USE ITS STATIONS AND FACILITIES FOR THE BROADCASTING OF ORSCENE AND INDECENT LANGUAGE, SPEECH, ACT OR SCENE; OR FOR THE DISSEMINATION OF DELIBERATELY FALSE INFORMATION OR WILLFUL MISREPRESENTATION, TO THE DETRIMENT OF THE PUBLIC INTEREST; OR TO INCITE, ENCOURAGE, OR ASSIST IN SUBVERSIVE OR TREASONABLE ACTS.

"SEC. 5. RIGHT OF GOVERNMENT. — A SPECIAL RIGHT IS HEREBY RESERVED TO THE PRESIDENT OF THE PHILIPPINES, IN TIMES OF WAR, REBELLION, PUBLIC PERIL, CALAMITY, EMERGENCY, DISASTER OR DISTURBANCE OF PEACE AND ORDER: TO TEMPORARILY TAKE OVER AND OPERATE THE STATIONS OR FACILITIES OF THE GRANTEE; TO TEMPORARILY SUSPEND THE OPERATION OF ANY STATION OR FACILITY IN THE INTEREST OF PUBLIC SAFETY, SECURITY AND PUBLIC WELFARE; OR TO AUTHORIZE THE TEMPORARY USE AND OPERATION THEREOF BY ANY AGENCY OF THE GOVERNMENT, UPON DUE COMPENSATION TO THE GRANTEE, FOR THE USE OF SAID STATIONS OR FACILITIES DURING THE PERIOD WHEN THESE SHALL BE SO OPERATED.

"The radio spectrum is a finite resource that is part of the national patrimony and the use thereof is a privilege conferred upon the grantee by the State and may be withdrawn anytime after due process.

1 "Sec. 6. Term of Franchise. - This franchise 2 SHALL BE IN EFFECT FOR A PERIOD OF TWENTY-FIVE (25) 3 YEARS FROM THE EFFECTIVITY OF THIS ACT, UNLESS SOONER REVOKED OR CANCELLED. THIS FRANCHISE SHALL BE 5 DEEMED IPSO FACTO REVOKED IN THE EVENT THE GRANTEE FAILS TO OPERATE CONTINUOUSLY FOR TWO (2) YEARS. 7 "SEC. 7. ACCEPTANCE AND COMPLIANCE. ACCEPTANCE OF THIS FRANCHISE SHALL BE GIVEN IN 9 WRITING TO THE CONGRESS OF THE PHILIPPINES, THROUGH 10 THE COMMITTEE ON LEGISLATIVE FRANCHISES OF THE 11 HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON 12 PUBLIC SERVICES OF THE SENATE. WITHIN SIXTY (60) DAYS 13 FROM THE EFFECTIVITY OF THIS ACT. UPON GIVING SUCI 14 ACCEPTANCE, THE GRANTEE SHALL EXERCISE THE 15 PRIVILEGES GRANTED UNDER THIS ACT. NONACCEPTANCE `16 ° SHALL RENDER THE FRANCHISE VOID. 17 "SEC. 8. SELF-REGULATION BY AND UNDERTAKING OF 18 THE GRANTEE. - THE GRANTEE SHALL NOT REQUIRE ANY 19 PREVIOUS CENSORSHIP OF ANY SPEECIL PLAY, ACT OR SCENE. 20 OR OTHER MATTER TO BE BROADCAST FROM ITS STATIONS: 21 PROVIDED, THAT THE GRANTEE, DURING ANY BROADCAST, 22 SHALL CUT OFF FROM THE AIR THE SPEECH. PLAY, ACT OR 23 SCENE, OR OTHER MATTER BEING BROADCAST IF THE 24 TENDENCY THEREOF IS TO PROPOSE AND/OR INCITE TREASON, 25 REBELLION, OR SEDITION; OR THE LANGUAGE USED THEREIN 26 OR THE THEME THEREOF IS INDECENT OR IMMORAL: 27 PROVIDED, FURTHER. THAT WILLFUL FAILURE TO DO SO 28 SHALL CONSTITUTE A VALID CAUSE FOR THE CANCELLATION 29 OF THIS FRANCHISE.

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"SEC. 9. 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, ACCOUNTS, DEMANDS, OR ACTIONS ARISING OUT OF ACCIDENTS OR INJURIES, WHETHER TO PROPERTY OR TO PERSONS, CAUSED BY THE CONSTRUCTION OR OPERATION OF THE STATIONS OF THE GRANTEE.

"SEC. 10. SALE. LEASE, TRANSFER, GRANT 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 SUCII PERSON, FIRM, COMPANY, CORPORATION OR OTHER COMMERCIAL OR LEGAL ENTITY, NOR MERGE WITH ANY OTHER CORPORATION OR ENTITY. NOR SHALL THE CONTROLLING OF THE GRANTEE BE TRANSFERRED, WHETHER AS A WHOLE OR IN PARTS, AND WHETHER SIMULTANEOUSLY OR CONTEMPORANEOUSLY, TO ANY SUCH PERSON, FIRM, COMPANY, CORPORATION OR ENTITY WITHOUT THE PRIOR APPROVAL OF THE CONGRESS OF THE PHILIPPINES: PROVIDED, THAT CONGRESS SHALL BE INFORMED 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 SAID TRANSACTION: PROVIDED, FURTILER, THAT FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL

RENDER THE FRANCHISE IPSO FACTO REVOKED: PROVIDED, FINALLY, THAT 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.

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"SEC. 11. DISPERSAL OF OHNERSIIP. ÌΝ ACCORDANCE WITH THE CONSTITUTIONAL PROVISION TO ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES, THE GRANTEE SHALL OFFER TO FILIPINO CITIZENS AT LEAST THIRTY PERCENT (30%) OR A HIGHER PERCENTAGE THAT MAY REREAFTER BE PROVIDED BY LAW OF ITS OUTSTANDING CAPITAL STOCK IN ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE (5) YEARS FROM COMMENCEMENT OF ITS OPERATIONS: PROVIDED. THAT IN CASES WHERE PUBLIC OFFER OF SHARES IS NOT APPLICABLE. ESTABLISHMENT OF COOPERATIVES AND OTHER METHODS OF ENCOURAGING PUBLIC PARTICIPATION BY CITIZENS AND CORPORATIONS OPERATING PUBLIC UTILITIES MUST BE IMPLEMENTED. NONCOMPLIANCE THEREWITH SHALL RENDER THE FRANCHISE IPSO FACTO REVOKED.

"SEC. 12. EQUALITY CLAUSE. — ANY ADVANTAGE, FAVOR, PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED UNDER EXISTING FRANCHISES, OR WHICH MAY HEREAFTER BE GRANTED FOR RADIO AND/OR TELEVISION BROADCASTING, 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 BROADCASTING FRANCHISES CONCERNING TERRITORY COVERED BY THE

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2	OF SERVICE AUTHORIZED BY THE FRANCHISE.
3	"SEC. 13. GENERAL BROADCAST POLICY LAW THE
4	GRANTEE SHALL COMPLY WITH AND BE SUBJECT TO THE
5	PROVISIONS OF A GENERAL BROADCAST POLICY LAW WIICH
6	CONGRESS MAY HEREAFTER ENACT.
7	*Sec. 14. Reportorial Requirement The
8	GRANTEE SHALL SUBMIT AN ANNUAL REPORT TO THE
9	CONGRESS OF THE PHILIPPINES, THROUGH THE COMMITTEE
10	ON LEGISLATIVE FRANCHISES OF THE HOUSE OF
11	REPRESENTATIVES AND THE COMMITTEE ON PUBLIC
12	SERVICES OF THE SENATE, ON ITS COMPLIANCE WITH THE
13	TERMS AND CONDITIONS OF THE FRANCHISE AND ON ITS
14	OPERATIONS ON OR BEFORE APRIL 30 OF EVERY YEAR DURING
15	THE TERM OF ITS FRANCHISE. THE REPORTORIAL
16	COMPLIANCE CERTIFICATE ISSUED BY CONGRESS SHALL BE
17	REQUIRED BEFORE ANY APPLICATION FOR PERMIT OR
18	CERTIFICATE IS ACCEPTED BY THE NTC.
19	"SEC. 15. PENALTY CLAUSE FAILURE OF THE
20	GRANTER TO SUBMIT THE REQUISITE ANNUAL REPORT TO
21	Congress shall be penalized by a fine of five hundred
22	PESOS (P500.00) PER WORKING DAY OF NONCOMPLIANCE.
23	THE FINE SHALL BE COLLECTED BY THE NTC FROM THE
24	DELINQUENT FRANCHISE GRANTEE SEPARATE FROM THE
25	reportorial penalties imposed by the NTC.
26	"SEC. 16. SEPARABILITY CLAUSE IF ANY OF THE
27	SECTIONS OR PROVISIONS OF THIS ACT IS HELD INVALID, ALL
28	OTHER PROVISIONS NOT AFFECTED THEREBY SHALL REMAIN
29	VALID.

1	"Sec. 17. Repealability and Nonexclusivity
2	CLAUSE, - THIS FRANCHISE SHALL BE SUBJECT TO
3	amendment, alteration, or repeal by the Congress of
4	THE PHILIPPINES WHEN THE PUBLIC INTEREST SO REQUIRES
5	AND SHALL NOT BE INTERPRETED AS AN EXCLUSIVE GRANT OF
6	The privileges herein provided for."
7	SEC. 2. Effectivity This Act shall take effect fifteen (15) days after
8	its publication in the Official Gazette or in a newspaper of general circulation.
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