

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL No.: **4264**

Introduced by: Representatives V. Dennis M. Socrates, Antonio C. Alvarez and
Ponciano D. Payuyo

EXPLANATORY NOTE

Section 24, Article II of the 1987 Constitution provides:

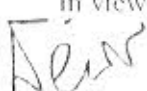
"Sec. 24. The State recognizes the vital role of communication and information in nation-building."

The essence of radio and television communications to the national democratic process and global relations cannot be overemphasized. Through such channels, data are transmitted and disseminated to as wide a national and global audience in a short time possible.

With more private entities in the communications industry, the government creates a climate for more facilities and services that will make the country a viable member of the global communications family.

⁸ The Truth in Governance thru Media (TGM) intends to fulfill its responsibility to the public by providing the residents of Palawan with adequate information service. Palawan is the country's last frontier in terms of its vast wildlife and natural endowments. It emerges as one of the fastest growing provinces in the country. To maximize returns from its natural resources and minimize environmental losses, there is a need for a more informed constituency on proper conservation. Through media coverage, TGM Broadcasting Network can help meet the public interest for a qualitative communication development in Palawan.

In view of the foregoing, approval of this bill is earnestly sought.


V. DENNIS M. SOCRATES
Representative
2nd District, Palawan


ANTONIO C. ALVAREZ
Representative
1st District, Palawan


PONCIANO D. PAYUYO
Representative
APEC, Party-List

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AN ACT
GRANTING THE TGM BROADCASTING NETWORK A
FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE
AND MAINTAIN RADIO AND TELEVISION BROADCASTING
STATIONS IN PUERTO PRINCESA CITY, AND IN THE
PROVINCE OF PALAWAN

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

SECTION 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, there is hereby granted to TGM Broadcasting Network, herein referred to as the grantee, its successors or assigns, a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio and television broadcasting stations in Puerto Princesa City, Palawan, where frequencies and channels are still available for radio and television broadcasting, with the corresponding technological auxiliaries and

facilities, special broadcast and other program and distribution services and relay stations.

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 wavelengths 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 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 or television spectrum without having been authorized by the NTC. The NTC, however, shall not unreasonably withhold or delay the grant of any 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 population on important

public issues; provide at all times sound and balanced 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 obscene 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 they shall be so operated.

The radio spectrum is a finite resource that is a 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.

SEC. 6. *Term of Franchise.* – This franchise shall be for a term of twenty-five (25) years from the date of effectivity of this Act, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions:

- a) Commence operations within one (1) year from the approval of its operating permit by the NTC;
- b) Operate continuously for two (2) years; and
- c) Commence operations within three (3) years from the effectivity of this Act.

SEC. 7. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in writing within sixty (60) days from the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

SEC. 8. *Bond.* – The grantee shall file a bond issued in favor of the NTC, which shall determine the amount, to guarantee the compliance with and fulfillment of the conditions under which this franchise is granted. If, after three (3) years from the date of the approval of its permit by the

NTC, the grantee shall have fulfilled the same, the bond shall be cancelled by the NTC. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 9. *Tax Provisions.* – The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns, shall pay, in lieu of the franchise tax, the value-added tax under Section 3 of Republic Act No. 7716 as amended, on all gross receipts of the radio or television business transaction under this franchise: *Provided,* That the grantee, its successors or assigns, shall be liable for income taxes payable under Title II of the National Internal Revenue Code, as amended.

The grantee shall file the return with, and pay the taxes 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. 10. *Self-regulation by and Undertaking of Grantee.* – The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast from its stations: *Provided,* That the

grantee, during any broadcast, shall cut off from the air the speech, play, act or scene, or other matter being broadcast if the tendency thereof is to propose or incite treason, rebellion or sedition; or the language used therein or the theme thereof is indecent or immoral; and *Provided, further*, That willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

SEC. 11. *Warranty in Favor of National and Local Governments.*

– 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 persons, caused by the construction or operation of the stations of the grantee.

SEC. 12. *Sale, Lease, Transfer, Usufruct.* – The grantee shall not lease, transfer, grant the usufruct of, sell nor assign this franchise, or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor merge with any other corporation or entity, nor shall the controlling interest of the grantee be transferred, whether 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. Any person or entity to which this franchise is sold, transferred or assigned, shall

be subject to the same conditions, terms, restrictions and limitations of this Act.

SEC. 13. *Dispersal of Ownership.* – In accordance with the constitutional provision to encourage public participation in public utilities, the grantee shall offer at least thirty per centum (30%) of its outstanding capital stock or a higher percentage that may hereafter be provided by law in any securities exchange in the Philippines within five (5) years from the time it has achieved the status of a national broadcasting network. A “national broadcasting network” is hereby defined as one that operates three (3) or more radio and television stations. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SEC. 14. *General Broadcast Policy Law.* – The grantee shall comply with a general broadcast policy law, which Congress may hereafter enact.

SEC. 15. *Separability Clause.* – If, for any reason, any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

SEC. 16. *Repealability and Non-exclusivity Clause.* – This franchise shall be subject to amendment, alteration or repeal by the Congress

of the Philippines when the public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided for.

SEC. 17. *Reportorial Requirement.* — The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 18. *Effectivity.* — This Act shall take effect fifteen (15) days after publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,