



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH (16th) CONGRESS
Second Regular Session

HOUSE BILL NO. **4987**



Introduced by REP. JOSE CHRISTOPHER Y. BELMONTE

EXPLANATORY NOTE

In the advent of technology, most Filipinos learned to incorporate television in their lives as part of daily entertainment. This pleasure derived from a little box, however, developed into a means to gathering information by keeping themselves abreast with news and current events. Filipinos then became more knowledgeable with current issues and have expressed more intelligent opinions on issues involving society and government. Television broadcast also expanded entertainment not only to shows but also to sports, culture, food, travel and other interests.

The arrival of cable television further opened doors to the possibilities of television—information, education and entertainment. It linked countries and cultures within the comfort of a person's home. It brought nations together in a single television, which is readily accessible to the viewer. Thus, resulting to a modern and well-rounded consumer.

Unfortunately, in the Philippines, the accessibility of cable television is limited to the upper and middle classes. Luntian Cable Television therefore seeks to bridge the gap and serve underprivileged class to experience the convenience of cable television in order to strike a balance in the realm of technology.

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

Jose Belmonte



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AN ACT GRANTING THE LUNTIAN CABLE SYSTEMS, INC., A FRANCHISE
TO ESTABLISH, CONSTRUCT, UNSTALL, MAINTAIN AND OPERATE
FOR COMMERCIAL PURPOSES CABLE/COMMUNITY ANTENNAE
TELEVISION SYSTEMS IN THE PHILIPPINES

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 Luntian Cable, Systems Inc., hereunder referred to as the grantee, its successors or assigns, a franchise to construct, establish, install, operate and maintain for commercial purposes and in the public interest, cable/community antennae television (CATV) systems and other related services in and between the different provinces and other municipalities in the Philippines and between the Philippines and other countries and territories through the reception of audio, visual and other signals of the different national and local television and radio stations, including pay TV in the Philippines, and those of foreign television, radio and other stations including interactive computer electronic systems and stations, and the distribution or transmission of the same to homes, offices, condominiums, subdivisions, hotels, restaurants, and other residential, commercial and industrial structures and other public and private conveyances within and outside of the Philippines by means of electromagnetic waves optics or any kind of energy, force, variations or impulses, radiated through space or transmitted through technological advances or innovations in the future; to originate, store, distribute, transmit and receive through said systems, news and documentaries, entertainment, cultural, informational and educational radio and television programs, both live and recorded; to construct, establish, install, operate, manage, lease, maintain and purchase transmitting,

receiving and switching stations both for local and international services, lines, fiber optics, microwave, cables, satellite transmit and receive systems, control signals, audio and video systems, information service bureau, pay and pay per view television, video on demand and public information on demand services, multi-disc read only memory network delivery, packet and frame relay and electronic mail services and other value added services and all other related technologies as are at present available, or to be made available through technical advances or innovations in the future, as is, or are, convenient to or essential to efficiently carry out the purposes of this franchise.

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 rights to use its selected wavelengths or frequencies and the quality of transmission or reception thereon as would maximize rendition of the grantee's services and/or availability thereof.

SEC. 3. *Prior Approval of the National Telecommunications Commission.* — The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for the construction and operation of its stations, transmitters or facilities and shall not use any frequency in the radio and television spectrum without having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority.

SEC. 4. *Ingress and Egress.* — For the purpose of erecting and maintaining poles or other supports for said wires or other conductors or for the purposes of laying and maintaining underground wires, cable, or other conductors, it shall be lawful for the grantee, its successors or assigns, with the prior approval of the Department of Public Works and Highways, to make excavations or lay conduits in any of the public places, highways, streets, lanes, alleys, avenues, sidewalks or bridges of said provinces, cities and/or municipalities: *Provided, however,* That any public place, highway, street, lane, alley, avenue, sidewalk or bridge disturbed, altered or changed by reason of the erection of poles or other supports or the underground laying of wires, other conductors or conduits, shall be repaired and replaced in a workmanlike manner by said grantee, its successors or assigns, in accordance with the standards set by the Department of Public Works and Highways. Should the grantee, its successors or assigns, after the ten days' notice from the said authority, fail, refuse or neglect to repair or replace any part of a public place, road, highway, street, lane, alley, avenue, sidewalk or bridge altered, changed or disturbed by said grantee, its successors or assigns, then the Department of Public Works and Highways shall have the right to have the same repaired and placed in good order and condition at double the expense to be charged against the grantee, its successors or assigns.

SEC. 5. *Responsibility to the Public.* — The grantee shall provide adequate public service time to enable the government, through the said cable television stations, to reach the population on important public issues; provide at all times

sound and balanced programming; promote public participation such 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 for the transmission 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. 6. *Right of Government.* — A special right is 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, transmitters or facilities of the grantee, to temporarily suspend the operation of any station, transmitter or facility in the interest of public safety, security and public welfare, or 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, transmitters 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. 7. *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 permit by the National Telecommunications Commission;
- (b) Operate continuously for two (2) years; and
- (c) Commence operations within three (3) years from the effectivity of this Act.

SEC. 8. *Acceptance and Compliance.* — Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Non-acceptance shall render the franchise void.

SEC. 9. *Bond.* — The grantee shall file a bond issued in favor of the National Telecommunications Commission, 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 Commission, the grantee shall have fulfilled the same, the bond shall be cancelled by the Commission. Otherwise, the bond shall be forfeited in favor of the government and the franchise *ipso facto* revoked.

SEC. 10. *Tax Provisions.* — The grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee, its successors or assigns shall pay a franchise tax of three percent (3%) per annum or at such percentage as

may be required by law on all gross receipts of the 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 Executive Order No. 72, unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.

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

SEC. 11. *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 or transmitted from its stations: *Provided*, That the grantee during any broadcast or transmission shall cut off from the air or transmission the speech, play, act or scene, or other matter being broadcast or transmitted 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. 12. *Warranty in Favor of National and Local Governments.* — The grantee shall hold the national, provincial, city and municipal governments of the Philippines harmless from all claims, accounts, demands or actions arising out of accidents or injuries, whether to property or to persons, caused by the construction or operation of the stations, transmitters, facilities and equipment of the grantee.

SEC. 13. *Non-transferability of Franchise* — The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise nor the right 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: *Provided*, That the foregoing limitations shall not apply to: (1) any issuance of shares to any investor pursuant to or in connection with any increase in the grantee's authorized capital stock which shall result in the dilution of the stockholdings of the grantee's then existing stockholders; (2) any sale, transfer or assignment by the stockholders of the grantee in favor of a holding company whose stockholders are identical to the stockholders of the grantee. Any person or entity to which this franchise is validly sold, transferred or assigned shall be subject to the same conditions, terms, restrictions and limitations of this Act

SEC. 15. *General Cable Television Policy Law.* — The grantee shall comply with and be subject to the provisions of a general cable television policy law which Congress may hereafter enact.

SEC. 16. *Separability Clause.* — If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

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

SEC. 19. *Effectivity Clause.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) national newspapers in general circulation.

Approved,