

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

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **5817**



Introduced by Rep. Pantaleon D. Alvarez, Rep. Rodolfo C. Fariñas and Rep. Danilo E. Suarez

EXPLANATORY NOTE

Article XII Section 11 of the Philippine Constitution states that no franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted, except under the condition that it shall be subject to amendment, alteration, or repeal by the Congress when the common good so requires.

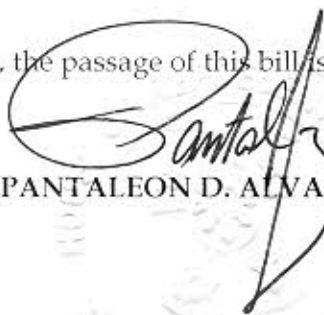
Article 1733 of the Civil Code on the other hand provides that common carriers are bound to observe extraordinary diligence in the vigilance over the goods and for the safety of the passengers transported by them, according to all circumstances of each case.

It is in this regard that Southeast Asian Airlines, Inc. (rebranded as Tigerair Philippines which was bought by Cebu Pacific and now called as SEAIR International [SEAIR-I]) was granted a legislative franchise by Congress through Republic Act No. 9517 on December 27, 2008, with the express provision that it will charge just and reasonable rates and provide efficient service to the riding public.

Unfortunately, numerous complaints have been made by passengers regarding the poor service of SEAIR-I, specifically exorbitant fees charged during peak season, inordinate delays in flights, and worse, unilateral cancellation of flights, causing severe inconvenience to the people. These practices of SEAIR are detrimental to the common good and do not fall within the purview of "extraordinary diligence."

In fact, these are grounds for the amendment and alteration of the franchise of SEAIR-I, something that this bill seeks to achieve to make the franchise of SEAIR more beneficial to the riding public.

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


PANTALEON D. ALVAREZ


DANILO E. SUAREZ


RODOLFO C. FARINAS

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Seventeenth Congress
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House Bill No. 5817

Introduced by Honorable Pantaleon D. Alvarez, Honorable Rodolfo C. Fariñas and
Honorable Danilo E. Suarez

AN ACT
AMENDING REPUBLIC ACT NO. 9517, OTHERWISE KNOWN AS "AN ACT
GRANTING SOUTHEAST ASIAN AIRLINES (SEAir) INC. A FRANCHISE TO
ESTABLISH, OPERATE, AND MAINTAIN DOMESTIC AND INTERNATIONAL
AIRTRANSPORT SERVICES, WITH CLARKFIELD, PAMPANGA AS ITS BASE"

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

1 **SECTION 1.** Section 4 of Republic Act No. 9517, otherwise known as "An Act Granting
2 Southeast Asian Airlines (Seair) Inc. a Franchise to Establish, Operate and Maintain
3 Domestic and International Air Transport Services, with Clarkfield, Pampanga as its base" is
4 hereby amended to read as follows:
5

6 "SECTION 4. *Rates for Services.* – The grantee shall fix just and reasonable rates for
7 the transportation of passengers, mail, and freight, subject to the regulations and
8 approval of the Civil Aeronautics Board and other proper regulatory agencies of the
9 government. *PROVIDED HOWEVER, THAT ANY INCREASE IN RATES THAT IS*
10 *A NATURAL CONSEQUENCE OF THE INCREASE IN DEMAND DURING PEAK-*
11 *SEASON, SHALL BE SUBJECT TO A CAP OF 20% OVER THE REGULAR OFF-*
12 *PEAK RATES."*
13

14 **SECTION 2.** Section 5 of Republic Act No. 9517 is hereby amended to read as follows:
15

16 "SECTION 5. *Term of Franchise.* – This franchise shall be for a term of twenty-five (25)
17 years from the date of effectivity of this Act, unless sooner revoked or cancelled. In

1 the event that the grantee fails to operate within two (2) years from the effectivity of
2 this Act, this franchise shall be deemed ipso facto revoked: *PROVIDED THAT, THIS*
3 *FRANCHISE SHALL BE SUBJECT TO REVIEW BY CONGRESS EVERY FIVE*
4 *YEARS FROM THE EFFECTIVITY OF THIS AMENDATORY ACT.*"

5
6 **SECTION. 3.** A new Section 13 is hereby inserted in Republic Act No. 9517, to read as
7 follows:

8 "SEC. 11. *TAX PROVISIONS.* – THE GRANTEE, ITS SUCCESSORS OR ASSIGNS,
9 SHALL PAY TO THE PHILIPPINE GOVERNMENT DURING THE LIFE OF ITS
10 FRANCHISE, THE VALUE-ADDED TAX UNDER REPUBLIC ACT NO 7716, AS
11 AMENDED, OR A FRANCHISE TAX OF FIVE PERCENT (5%) PER ANNUM OR
12 AT SUCH PERCENTAGE AS MAY BE PRESCRIBED BY LAW ON ALL GROSS
13 RECEIPTS OF ITS TRANSPORT BUSINESS TRANSCTED UNDER THIS
14 FRANCHISE, WHICHEVER IS HIGHER; PROVIDED THAT THE GRANTEE, ITS
15 SUCCESSORS OR ASSIGNS, SHALL CONTINUE TO BE LIABLE FOR INCOME
16 TAXES PAYABLE UNDER TITLE II OF THE NATIONAL INTERNAL REVENUE
17 CODE PURSUANT TO SEC. 2 OF EXECUTIVE ORDER NO. 72, UNLESS THE
18 LATTER ENACTMENT IS AMENDED OR REPEALED, IN WHICH CASE, THE
19 AMENDMENT OR REPEAL SHALL BE APPLICABLE THERETO.

20
21 THE GRANTEE, ITS SUCCESSORS OR ASSIGNS, SHALL BE LIABLE TO PAY THE
22 SAME TAXES ON THEIR REAL ESTATE, BUILDINGS AND PERSONAL
23 PROPERTY, EXCLUSIVE OF THIS FRANCHISE, AS OTHER PERSONS OR
24 CORPORATIONS ARE NOW OR HEREAFTER MAY BE REQUIRED BY LAW TO
25 PAY."

26
27 **SECTION. 4.** A new Section 14 is hereby inserted in Republic Act No. 9517, to read as
28 follows:

29 "SECTION 14. *COMPLIANCE WITH APPLICABLE LAWS.* - THE GRANTEE
30 SHALL COMPLY WITH ALL APPLICABLE LAWS, RULES, AND REGULATIONS,
31 PARTICULARLY REPUBLIC ACT NO. 7432, AS AMENDED BY REPUBLIC ACT
32 NO. 9994, OTHERWISE KNOWN AS THE "EXPANDED SENIOR CITIZENS ACT
33 OF 2010" AND REPUBLIC ACT NO. 7277, AS AMENDED BY REPUBLIC ACT NO.

1 10754, OTHERWISE KNOWN AS "AN ACT EXPANDING THE BENEFITS AND
2 PRIVILEGES OF PERSONS WITH DISABILITY (PWD)".

3 All other sections are hereby renumbered accordingly.
4

5 **SECTION 5. *Repealability and Non-exclusivity Clause.*** - This franchise shall be
6 subject to amendment, alteration, or repeal by the Congress of the Philippines when
7 the public interest so requires and shall not be interpreted as an exclusive grant of
8 the privileges herein provided for.
9

10 **SECTION 6. *Separability Clause.*** - Any portion or provisions of this Act that may be
11 declared unconstitutional or invalid shall not have the effect of nullifying other portions or
12 provisions hereof as long as such remaining portions or provisions can still subsist and be
13 given effect in their entirety.
14

15 **SECTION 7. *Repealing Clause.*** - All laws, ordinances, rules, regulations, and other
16 issuances or parts thereof, which are inconsistent with this Act are hereby repealed or
17 modified accordingly.
18

19 **SECTION 8. *Effectivity.*** - This Act shall take effect fifteen (15) days from the date of its
20 publication in at least two (2) newspapers of general circulation.

Approved,