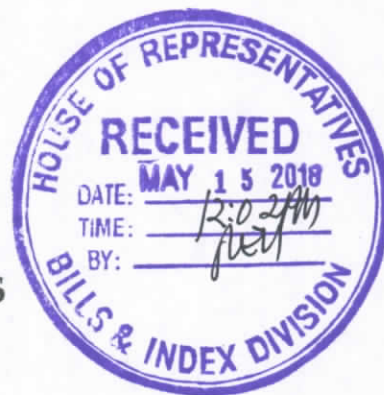


Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7692

Introduced by: REP. ALFREDO A. GARBIN, Jr.,

EXPLANATORY NOTE

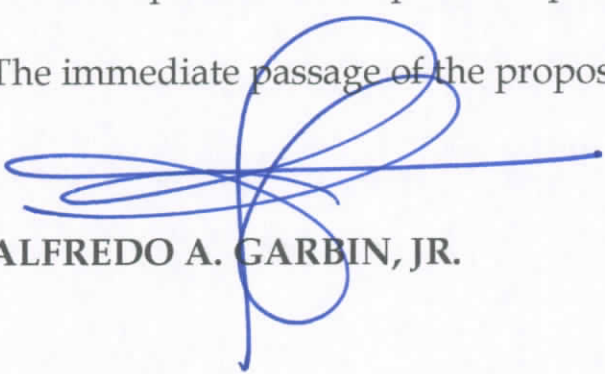
The proposed law seeks to extend Sear Telecommunications, Inc., legislative franchise for another twenty-five (25) years.

Sear Telecommunications is a corporation organized and existing under the laws of Republic of the Philippines. It is duly enfranchised to install, operate and maintain wire and wireless telecommunications systems in the Philippines by virtue of Republic Act No. 8678 and currently operates radio trunk repeater service in Metro Manila and Cebu City, a viable alternative to cellular mobile telephony and private radio networks. Sear Telecommunications has more than seven hundred (700) existing units distributed among more than fifty (50) registered corporate subscriber units with access facilities in various areas. It likewise holds a certificate of public convenience and necessity to install, operate and maintain public broadband services in the Philippines which provides service to several subscribers

Sear Telecommunications' franchise will expire on June 25, 2023. The extension thereof will allow Sear Telecommunications to continue providing its various telecommunications services at rates affordable to the consuming public. Extending Sear Telecommunications' franchise will also ensure the uninterrupted and improved delivery of its services to the Filipino people. The extended franchise will allow Sear Telecommunications to construct, establish, install, maintain, purchase and operate the radio trunking system and public broadband services as it may consider necessary and convenient, or reasonable.

Given the role that Sear Telecommunications' plays in the nation's growth and development, it is highly recommended that the immediate updating and renewal of the franchise be granted so that it may continue to provide uninterrupted and indispensable public service to the country.

The immediate passage of the proposed law is earnestly sought.



ALFREDO A. GARBIN, JR.

Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 7692

Introduced by HON. ALFREDO A. GARBIN, Jr.

AN ACT RENEWING THE FRANCHISE GRANTED TO SEAR TELECOMMUNICATIONS, INC., UNDER REPUBLIC ACT NO. 8678 ENTITLED "AN ACT GRANTING THE SEAR TELECOMMUNICATIONS, INC. A FRANCHISE, TO CONSTRUCT, ESTABLISH, INSTALL, MAINTAIN AND OPERATE WIRE AND/OR WIRELESS TELECOMMUNICATIONS SYSTEMS IN THE PHILIPPINES" FOR TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT

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, the franchise granted to Sear Telecommunications, Inc., hereunder referred to as the grantee, its successors or assignees, to construct, establish, install, maintain, lease, purchase and operate for commercial purposes and in the public interest, wired, mobile and fixed wireless telecommunications system such as paging system, cellular phone system, personal communications network, trunked radio services and other means related to the foregoing, now known to science or which in the future may be developed through technical innovations and advances, throughout the Philippines and between the Philippines and other countries and territories, is hereby extended for twenty-five (25) years from the effectivity of this Act. For this purpose, the grantee is hereby granted the right to construct, establish, install, maintain, lease, purchase and operate the corresponding transmitting and receiving stations, satellites, lines, systems, networks, international gateways, local exchanges, and platforms as it may consider necessary, convenient, or reasonable.

SECTION 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 the 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.

SECTION 3. *Authority of the National Telecommunications Commission.* – The grantee shall secure from the National Telecommunications Commission, hereinafter referred to as the Commission, a certificate of public convenience or the appropriate permits and licenses for the location, construction, installation and operation of its telecommunications systems. In issuing the certificate, the Commission shall have the power to impose such conditions relative to the construction, operation, maintenance, or service level of the telecommunications system. The Commission shall have the authority to regulate the construction and operation of its telecommunications systems. The grantee shall not use any frequency in the radio spectrum without having been authorized by the Commission. Such certificate shall state the areas covered and date the grantee shall commence the service. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority, permits or licenses.

SECTION 4. *Responsibility to the Public.* – The grantee shall conform to the ethics of honest enterprise and shall not use its stations for obscene or indecent transmission or for the dissemination of deliberately false information or willful misrepresentation, or assist in subversive or treasonable acts.

The grantee shall improve and extend its services in areas and yet served, and in hazard-and-typhoon-prone areas that shall be determined by the National Disaster Risk Reduction and Management Council in coordination with the National Telecommunications Commission (NTC)).

The grantee shall also improve and upgrade its equipment, facilities, and services in order to ensure effective compliance with

the objectives of Republic Act No. 10639 or the 'Free Mobile Disaster Alerts Act'.

SECTION 5. *Rates for Services.* – The charges and rates for telecommunications services of the grantee, except the rates and charges on those that may hereafter be declared or considered as non-regulated services, whether flat rates or measured rates or variation thereof, shall be subject to the approval of the Commission or its legal successors. The rates to be charged by the grantee shall be unbundled, separable and distinct among the services offered and shall be determined in such a manner that regulated services do not subsidize the unregulated ones.

SECTION 6. *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, transmitters, facilities or equipment of the grantee, to temporarily suspend the operation of any station, transmitter, facility or equipment 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, transmitters, facilities or equipment 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.

SECTION 7. *Term of Franchise.* – This franchise shall be extended and in effect for a period 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 falls to operate continuously for two (2) years.

SECTION 8. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in writing to the Congress of the Philippines, through the Committee on Legislative Franchise of the House of Representative and the Committee on Public Services of the Senate, within sixty (60) days from the effectivity of this Act. Upon giving the acceptance, the grantee shall exercise the privileges granted

under this Act. Refusal or failure to accept the franchise within the prescribed period shall render the franchise void."

SECTION 9. *Tax Provisions.* — The grantee, its successors or assignees, 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 which are now or hereafter may be required by law to pay, except radio telecommunications and electronic communications equipment, machinery and spare parts needed in connection with the business of the grantee which shall be exempt from customs duties, tariffs and other taxes, as well as those declared exempt in this section. In addition thereto, the grantee, its successors or assignees, shall pay a value-added tax on all gross receipts of the business transacted under this franchise by the grantee, its successors or assignees, in the Philippines, in lieu of any and all taxes of any kind, nature or description levied, established or collected by an authority whatsoever including, but not limited to, city, municipal, provincial or national, from which the grantee is hereby expressly exempted effective from the date of the effectivity of this Act: *Provided*, That the grantee, its successors or assignees, 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 its 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.

SECTION 10. *Right of Interconnection.* — The grantee is hereby authorized to connect or demand connection of its telecommunications systems to any other telecommunications systems installed, operated and maintained by any other duly-authorized person or entity in the Philippines for the purpose of providing extended and improved telecommunications services to the public, under such terms and conditions mutually agreed upon by the parties concerned and the same shall be subject to the review or modification of the Commission.

SECTION 11. *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.

SECTION 12. *Sale, Lease, Transfer, Usufruct, Etc.* – 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 corporation or entity, nor shall the controlling interest in the grantee be transferred, whether as a whole or in parts, and whether simultaneously or contemporaneously, to any person, firm, company, corporation or entity, without the prior approval of the Congress of the Philippines, except when such person, firm, company, corporation or entity has a valid and existing legislative franchise for telecommunications or it is in pursuance of the provisions of Section 16 of this Act. 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.

SECTION 13. *Dispersal of Ownership.* – In accordance with the constitutional provisions to encourage public participation in the public utilities, the grantee shall offer at least thirty percentum (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 ten (10) years from the effectivity of this Act, whichever is later. Noncompliance therewith shall render the franchise *ipso facto* revoked.

SECTION 14. *Equality Clause.* – Any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may hereafter be granted upon prior review and approval or 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 provisions of telecommunications franchises concerning territory covered by the franchise, the lifespan of the franchise or the type of service authorized by the franchise."

SECTION 15. *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.

SECTION 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.

SECTION 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 its franchise and on its operations within sixty (60) days from the end of every year.

SECTION 18. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,