

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



HOUSE OF REPRESENTATIVES

H. B. No. 8298

Introduced by Rep. Vilma Santos-Recto
6th District of Batangas

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO ABS-CBN BROADCASTING CORPORATION, PRESENTLY KNOWN AS ABS-CBN CORPORATION, UNDER REPUBLIC ACT NO. 7966, ENTITLED "AN ACT GRANTING THE ABS-CBN BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN TELEVISION AND RADIO BROADCASTING STATIONS IN THE PHILIPPINES, AND FOR OTHER PURPOSES"

EXPLANATORY NOTE

ABS-CBN Broadcasting Corporation, presently known as ABS-CBN Corporation, was formed by the merger of Alto Broadcasting System (ABS) and Chronicle Broadcasting Network (CBN). ABS was founded in 1946 by American electronics engineer James Lindenberg as Bolinao Electronics Corporation (BEC) and was renamed Alto Broadcasting System (ABS) in 1952 after Judge Antonio Quirino, brother of President Elpidio Quirino, purchased the company. The television station was known as DZAQ-TV. The industrialist Eugenio "Eñing" Lopez Sr. and his brother former vice president Fernando Lopez, founded Chronicle Broadcasting Network (CBN) in 1956 primarily for radio broadcasting. On February 1, 1967, ABS and CBN were merged and incorporated as ABS-CBN Broadcasting Corporation and renamed ABS-CBN Corporation in 2010 to reflect the company's diversification.¹

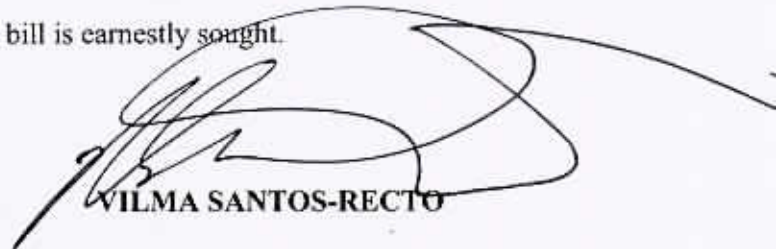
ABS-CBN is the Philippines' largest entertainment and media conglomerate in terms of revenue, operating income, net income, assets, equity, market capitalization, and number

¹ https://absrhn.fandom.com/wiki/ABS-CBN_History

of employees. It is primarily involved in content creation and production for television, online, and over-the-top platforms, cable, satellite, cinema, live events, and radio for domestic and international markets.²

Despite the growing popularity of social media, television still remains as a preferred mass medium in our provinces and other far-flung areas. ABS-CBN has remained steadfast in its commitment to reach out to as many Filipinos as possible by delivering their quality core programs closer to our countrymen by taking advantage of emerging broadcast technologies.

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



VILMA SANTOS-RECTO

² <https://www.abs-cbn.com/who-we-are/our-story>

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

Section 1. Section 1 of Republic Act No. 7966 is hereby amended to read as follows:

"Section 1. *Nature and Scope of Franchise.* – Subject to the provisions of the Constitution and applicable laws, rules and regulations, ~~the ABS-CBN Broadcasting Corporation, hereunder referred to as the grantee, its successors or assigns, is hereby granted a franchise~~ **THE FRANCHISE GRANTED UNDER REPUBLIC ACT NO. 7966 TO ABS-CBN BROADCASTING CORPORATION, PRESENTLY KNOWN AS ABS-CBN CORPORATION, HEREUNDER REFERRED TO AS THE GRANTEE, ITS SUCCESSORS OR ASSIGNEES** to construct, **INSTALL, ESTABLISH,** operate and maintain, for commercial purposes and in the public interest, television and radio broadcasting stations in and throughout the Philippines, through microwave, satellite or whatever means including the use of any new technologies in television and radio systems, with the corresponding technological auxiliaries or facilities, special broadcast and

other broadcast distribution services and relay stations~~};~~ **IS HEREBY RENEWED FOR ANOTHER TWENTY-FIVE (25) YEARS."**

Sec. 2. Section 2 of Republic Act No. 7966 is hereby amended to read as follows:

"Sec. 2. Manner of Operation of Stations or Facilities. – The existing and future stations or facilities of the grantee shall be constructed in a manner as will at most result only in the minimum interference on the wavelengths or frequencies of ~~the other~~ existing station**S** or **OTHER** stations which may be established by law without in any way diminishing its own right to use its ~~selected~~ **ASSIGNED** 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. Section 3 of Republic Act No. 7966 is hereby amended to read as follows:

"Sec. 3. Prior Approval of the National Telecommunications Commission. – The grantee shall secure from the National Telecommunications Commission (NTC) the appropriate permits and licenses for its stations **OR FACILITIES** and shall not use any frequency in the television or radio spectrum without ~~having been authorized by the Commission~~ **AUTHORIZATION FROM THE NTC**. The ~~Commission~~ **NTC**, however, shall not unreasonably withhold or delay the grant of any such authority."

Sec. 4. Section 4 of Republic Act No. 7966 is hereby amended to read as follows:

"Sec. 4. Responsibility to the Public. – The grantee shall provide **FREE OF CHARGE**, adequate public service time to enable the government, through the said broadcasting stations, to reach the **PERTINENT** population**S** **OR PORTIONS THEREOF**, on important public issues; **AND RELAY IMPORTANT PUBLIC ANNOUNCEMENTS AND WARNINGS CONCERNING PUBLIC EMERGENCIES AND CALAMITIES, AS NECESSITY, URGENCY OR LAW MAY REQUIRE**; 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; **PROMOTE AUDIENCE SENSIBILITY AND EMPOWERMENT INCLUDING CLOSED CAPTIONING**; and not use its stations 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.

“PUBLIC SERVICE TIME REFERRED HEREIN SHALL BE EQUIVALENT TO A MAXIMUM AGGREGATE OF TEN PERCENT (10%) OF THE PAID COMMERCIALS OR ADVERTISEMENTS WHICH SHALL BE ALLOCATED BASED ON NEED TO THE EXECUTIVE AND LEGISLATIVE BRANCHES, THE JUDICIARY, CONSTITUTIONAL COMMISSIONS AND INTERNATIONAL HUMANITARIAN ORGANIZATIONS DULY RECOGNIZED BY STATUTES: PROVIDED, THAT THE NTC SHALL INCREASE THE PUBLIC SERVICE TIME IN CASE OF EXTREME EMERGENCY OR CALAMITY. THE NTC SHALL ISSUE RULES AND REGULATIONS FOR THIS PURPOSE, THE EFFECTIVITY OF WHICH SHALL COMMENCE UPON APPLICABILITY WITH OTHER SIMILARLY SITUATED BROADCAST NETWORK FRANCHISE HOLDERS.”

Sec. 5. Section 5 of Republic Act No. 7966 is hereby amended to read as follows:

“Sec. 5. *Right of Government.* – THE RADIO SPECTRUM IS A FINITE RESOURCE THAT IS PART OF THE NATIONAL PETRIMONY AND THE USE THEREOF IS A PRIVILEGE CONFERRED UPON THE GRANTEE BY THE STATE AND MAY BE WITHDRAWN ANY TIME AFTER DUE PROCESS.

“A special right is hereby reserved to the President of the Philippines, in times of rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, to temporarily take over and operate the stations of the grantee, to temporarily suspend the operation of any station 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 the said stations during the period when they shall be so operated.”

Sec. 6. Section 6 of Republic Act No. 7966 is hereby amended to read as follows:

“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 OPERATE CONTINUOUSLY FOR TWO (2) YEARS."

Sec. 7. Section 7 of Republic Act No. 7966 is hereby amended to read as follows:

"Sec. 7. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in writing to THE Congress OF THE PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON PUBLIC SERVICES OF THE SENATE OF THE PHILIPPINES 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. Section 8 of Republic Act No. 7966 is hereby amended to read as follows:

"Sec. 8. *Tax Provisions.* – The grantee, its successors or assigns~~;~~ shall **CONTINUE TO BE SUBJECT TO ALL APPLICABLE TAXES, DUTIES, FEES OR CHARGES AND OTHER IMPOSITIONS UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS 'THE NATIONAL INTERNAL REVENUE CODE OF 1997', AS AMENDED, REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS 'THE LOCAL GOVERNMENT CODE OF 1991', AS AMENDED, AND OTHER APPLICABLE LAWS."** ~~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 equivalent to three percent (3%) of all gross receipts of the radio/television business transacted under this franchise by the grantee, its successors or assigns, and the said percentage shall be in lieu of all taxes on this franchise or earnings thereof. 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. 9 Section 9 of Republic Act No. 7966 is hereby amended to read as follows:

*"Sec. 9. 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 and/or telecast from its stations: *Provided*, That the grantee, during any broadcast and/or telecast, shall ~~cut off from~~ **NOT ALLOW TO BE AIRED** ~~the air~~ the speech, play, act or 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~~ **PROVIDED, FURTHER, THAT** willful failure to do so shall constitute a valid cause for the cancellation of this franchise."*

Sec. 10. Section 10 of Republic Act No. 7966 is hereby amended to read as follows:

*"Sec. 10. Warranty in Favor of National and Local Governments. – The grantee shall hold the national, provincial, **CITY**, and municipal governments of the Philippines ~~harmless~~ **FREE** from all claims, ~~accounts,~~ **LIABILITIES**, demands or actions arising out of accidents ~~for injuries,~~ **CAUSING INJURY TO PERSONS OR DAMAGE TO PROPERTIES, DURING** the construction or operation of the stations of the grantee."*

Sec. 11. A new section 11 is hereby inserted after Section 10 of Republic Act No. 7966, to read as follows:

"SEC. 11. COMMITMENT TO PROVIDE AND PROMOTE THE CREATION OF EMPLOYMENT OPPORTUNITIES. — THE GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES AND SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR FRANCHISE OPERATION: *PROVIDED*, THAT PRIORITY SHALL BE ACCORDED TO THE RESIDENTS IN AREAS WHERE ANY OF ITS OFFICES IS LOCATED: *PROVIDED, FURTHER*, THAT THE GRANTEE SHALL COMPLY WITH THE APPLICABLE LABOR STANDARDS AND ALLOWANCE ENTITLEMENT UNDER EXISTING LABOR LAWS, RULES AND REGULATIONS AND SIMILAR ISSUANCES: *PROVIDED, FINALLY*, THAT THE EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE REFLECTED IN THE GENERAL INFORMATION SHEET TO BE SUBMITTED TO

**THE SECURITIES AND EXCHANGE COMMISSION (SEC)
ANNUALLY.”**

Sec. 12. The present Section 11 of Republic Act No. 7966 is hereby renumbered as Section 12 and amended to read as follows:

“Sec. ~~11~~ 12. *Sale, Lease, Transfer, GRANT OF Usufruct, etc.* ~~OR~~ **ASSIGNMENT OF FRANCHISE.** – The grantee shall not **SELL**, 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**, without the approval of the Congress of the Philippines. **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 THE SAID TRANSACTION. FAILURE TO REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE FRANCHISE *IPSO FACTO* REVOKED.** Any person or entity to which this franchise is sold, transferred or assigned shall be subject to all the same conditions, terms, and limitations of this Act.”

Sec. 13. A new Section 13 is hereby inserted after Section 12 of Republic Act No. 7966, to read as follows:

“SEC. 13. *DISPERSAL OF OWNERSHIP.* — IN 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 HEREAFTER BE PROVIDED BY LAW OF ITS OUTSTANDING CAPITAL STOCK IN ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE (5) YEARS FROM THE COMMENCEMENT OF ITS OPERATIONS: *PROVIDED*, THAT IN CASES WHERE PUBLIC OFFER OF SHARES IS NOT APPLICABLE, THE GRANTEE SHALL APPLY OTHER METHODS OF

ENCOURAGING PUBLIC PARTICIPATION BY CITIZENS AND CORPORATIONS OPERATING PUBLIC UTILITIES AS ALLOWED BY LAW. NONCOMPLIANCE THEREWITH SHALL RENDER THE FRANCHISE *IPSO FACTO* REVOKED."

Sec. 14. A new Section 14 is hereby inserted after the new Section 13 of Republic Act No. 7966, to read as follows:

"SEC. 14. REPORTORIAL REQUIREMENT. — DURING THE TERM OF ITS FRANCHISE, THE GRANTEE SHALL SUBMIT AN ANNUAL REPORT TO THE CONGRESS OF THE PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON PUBLIC SERVICES OF THE SENATE, ON ITS COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE FRANCHISE AND ON ITS OPERATIONS ON OR BEFORE APRIL 30 OF EVERY YEAR.

"THE ANNUAL REPORT SHALL INCLUDE AN UPDATE ON THE ROLL-OUT, DEVELOPMENT, OPERATION, OR EXPANSION OF BUSINESS; AUDITED FINANCIAL STATEMENTS; LATEST GENERAL INFORMATION SHEET OFFICIALLY SUBMITTED TO THE SEC (IF APPLICABLE); CERTIFICATION OF THE NTC ON THE STATUS OF ITS PERMITS AND OPERATIONS; AND AN UPDATE ON THE DISPERSAL OF OWNERSHIP UNDERTAKING, IF APPLICABLE.

"THE REPORTORIAL COMPLIANCE CERTIFICATE ISSUED BY CONGRESS SHALL BE REQUIRED BEFORE AN APPLICATION FOR PERMIT, CERTIFICATE, OR ANY EQUIVALENT THEREOF, IS ACCEPTED BY THE NTC."

Sec. 15. A new Section 15 is hereby inserted after the new Section 14 of Republic Act No. 7966, to read as follows:

"SEC. 15. FINE. — FAILURE OF THE GRANTEE TO SUBMIT THE REQUISITE ANNUAL REPORT TO CONGRESS SHALL BE PENALIZED BY A FINE OF FIVE HUNDRED PESOS (P500.00) PER WORKING DAY OF NONCOMPLIANCE. THE FINE SHALL BE COLLECTED BY THE NTC FROM THE DELINQUENT FRANCHISE GRANTEE SEPARATE FROM THE REPORTORIAL PENALTIES

**IMPOSED BY THE NTC AND THE SAME SHALL BE REMITTED TO
THE NATIONAL TREASURY."**

Sec. 16. A new Section 16 is hereby inserted after the new Section 15 of Republic Act No. 7966, to read as follows:

"SEC. 16. *EQUALITY CLAUSE*. — ANY ADVANTAGE, FAVOR, PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED UNDER EXISTING FRANCHISES, OR WHICH MAY HEREAFTER BE GRANTED FOR RADIO AND 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 PROVISIONS OF BROADCASTING FRANCHISES CONCERNING TERRITORIAL COVERAGE, THE TERM, OR THE TYPE OF SERVICE AUTHORIZED UNDER THIS FRANCHISE."

Sec. 17. *Repealability and Nonexclusivity Clauses*. — 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. *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. 19. *Repealing Clause*. — Any law, presidential decree or issuance, executive order, letter of instruction, rule or regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

Sec. 20. *Effectivity*. — This Act shall take effect fifteen (15) days following its complete publication in two (2) newspapers of general circulation or in the *Official Gazette*.

Approved,