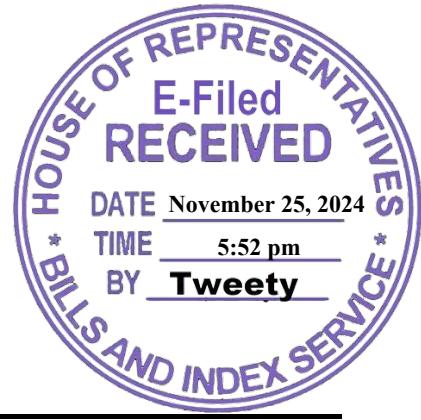


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1274

Submitted by the Committee on Legislative Franchises on November 25, 2024.

Re: House Bill No. 11137

Recommending its approval in substitution of House Bill No. 10728

Sponsors: Representatives Gus S. Tambunting and Margarita "Atty. Migs" B. Nograles

Mr. Speaker:

The Committee on Legislative Franchises to which was referred House Bill No. 10728, introduced by Rep. Margarita "Atty. Migs" B. Nograles, entitled:

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE YEARS THE FRANCHISE GRANTED TO THE SPHERE ENTERTAINMENT INC. (FORMERLY Benguet Broadcasting Corporation) UNDER REPUBLIC ACT NO. 9119, AS AMENDED, ENTITLED "AN ACT GRANTING THE BENGUET BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

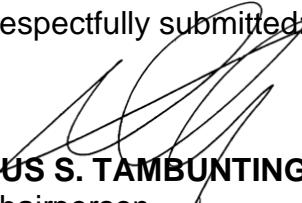
has considered the same and recommends that the attached House Bill No. 11137, entitled:

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE YEARS THE FRANCHISE GRANTED TO BENGUET BROADCASTING CORPORATION, CURRENTLY KNOWN AS SPHERE ENTERTAINMENT INC., UNDER REPUBLIC ACT NO. 9119, AS AMENDED, ENTITLED "AN ACT GRANTING THE BENGUET BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

be approved in substitution of House Bill No. 10728 with Reps. Margarita "Atty. Migs" B. Nograles, Cheeno Miguel D. Almario, Antonio A. Ferrer, Francisco Jose "Bingo" F. Matugas II, CPA, CESO, LLB, Arthur F. Celeste, Joseph Gilbert F. Violago, Sergio C. Dagooc, Kristine Singson-Meehan, Antonieta R. Eudela, Ramon Rodrigo L.

Gutierrez, Augustina Dominique “Ditse Tina” C. Pancho, and Gus S. Tambunting as authors thereof.

Respectfully submitted,



GUS S. TAMBUNTING

Chairperson

Committee on Legislative Franchises

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

Republic of the Philippines
House of Representatives
Quezon City

NINETEENTH CONGRESS

Third Regular Session

HOUSE BILL NO. **11137**

(In substitution of House Bill Numbered 10728)

Introduced by:

REPRESENTATIVES MARGARITA "ATTY. MIGS" B. NOGRALES,
CHEENO MIGUEL D. ALMARIO, ANTONIO A. FERRER, FRANCISCO JOSE
"BINGO" F. MATUGAS II, CPA, CESO, LLB, ARTHUR F. CELESTE, JOSEPH
GILBERT F. VIALAGO, SERGIO C. DAGOOC, KRISTINE SINGSON-MEEHAN,
ANTONIETA R. EUDELA, RAMON RODRIGO L. GUTIERREZ, AUGUSTINA
DOMINIQUE "DITSE TINA" C. PANCHO, AND GUS S. TAMBUNTING

**AN ACT RENEWING FOR ANOTHER TWENTY-FIVE YEARS THE FRANCHISE
GRANTED TO Benguet Broadcasting Corporation, CURRENTLY
KNOWN AS SPHERE ENTERTAINMENT INC., UNDER REPUBLIC ACT NO. 9119,
AS AMENDED, ENTITLED "AN ACT GRANTING THE BENGUET
BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL,
ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION
BROADCASTING STATIONS IN THE PHILIPPINES"**

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

1 **Section 1. Nature and Scope of Franchise.**— Subject to the provisions of the
2 Constitution and applicable laws, rules and regulations, there is hereby granted to
3 Benguet Broadcasting Corporation, currently known as Sphere Entertainment Inc.,
4 hereunder referred to as the Grantee, its successors or assignees, under Republic
5 Act No. 9119, to construct, install, establish, operate and maintain for commercial
6 purposes and in the public interest, radio and television broadcasting stations in the
7 Philippines, where frequencies and/or channels are still available for radio and/or
8 television broadcasting, through microwave, satellite or whatever means including
9 the use of any new technologies in television and radio broadcasting systems, with
10 the corresponding technological auxiliaries and facilities, special broadcast and
11 other program and distribution services and relay stations, is hereby renewed for
12 another twenty-five (25) years.

1
2 **Sec. 2. Manner of Operation of Stations or Facilities.**— The stations or facilities
3 of the Grantee shall be constructed and operated in a manner as will, at most,
4 result only in the minimum interference on wavelengths or frequencies of existing
5 stations or other stations which may be established by law, without in any way
6 diminishing its own right to use its selected wavelengths or frequencies and the
7 quality of transmission or reception thereon as should maximize rendition of the
8 Grantee's services and/or the availability thereof.

9
10 **Sec. 3. Prior Approval of the National Telecommunications Commission.**— The
11 Grantee shall secure from the National Telecommunications Commission (NTC) the
12 appropriate permits and licenses for the construction and operation of its stations
13 and facilities and shall not use any frequency in the radio/television spectrum
14 without having been authorized by the NTC. The NTC, however, shall not
15 unreasonably withhold or delay the grant of any such authority.

16
17 In case of any violation of the provisions of this franchise, the NTC shall
18 have the authority to revoke or suspend, after due process, the permits or licenses
19 it issued pursuant to the franchise. The NTC may recommend to Congress of the
20 Philippines the revocation of the franchise for any violation of the provisions of this
21 franchise.

22
23 **Sec. 4. Responsibility to the Public.**—The Grantee shall provide, free of charge,
24 adequate public service time which is reasonable and sufficient to enable the
25 government, through the broadcasting stations or facilities of the Grantee, to reach
26 the pertinent populations or portions thereof, on important public issues and relay
27 important public announcements and warnings concerning public emergencies and
28 calamities, as necessity, urgency, or law may require; provide at all times sound
29 and balanced programming; conform to the ethics of honest enterprise; promote
30 public participation; assist in the functions of public information and education;
31 promote audience sensibility and empowerment including closed captioning; and
32 not use its stations or facilities for the broadcasting of obscene and indecent
33 language, speech, act or scene, the dissemination of deliberately false information
34 or willful misrepresentation, to the detriment of the public interest, or to incite,
35 encourage or assist in subversive or treasonable acts.

36
37 Public service time referred herein shall be equivalent to a maximum
38 aggregate of ten percent (10%) of paid commercials or advertisements which shall
39 be allocated based on need to the Executive and Legislative branches, the
40 Judiciary, Constitutional Commissions, and international humanitarian organizations
41 duly recognized by statutes: *Provided*, That the NTC shall increase the public
42 service time in case of extreme emergency or calamity. The NTC shall issue rules
43 and regulations for this purpose, the effectivity of which shall commence upon
44 applicability with other similarly situated broadcast network franchise holders.

1 Pursuant to Republic Act No. 8370, otherwise known as the "Children's
2 Television Act of 1997", the Grantee shall allot a minimum fifteen percent (15%) of
3 the daily total airtime of each broadcasting network or station to child-friendly shows
4 within its regular programming.

5
6 **Sec. 5. Right of Government.**— The radio spectrum is a finite resource that is a
7 part of the national patrimony and the use thereof is a privilege conferred upon the
8 Grantee by the State and may be withdrawn anytime after due process.

9
10 A special right is hereby reserved to the President of the Philippines, in
11 times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of
12 peace and order, to temporarily take over and operate the stations or facilities of the
13 Grantee, to temporarily suspend the operation of any station or facility in the interest
14 of public safety, security and public welfare, or to authorize the temporary use and
15 operation thereof by any agency of the government, upon due compensation to the
16 Grantee, for the use of said stations or facilities during the period when they shall
17 be so operated.

18
19 **Sec. 6. Term of Franchise.**— This franchise shall be for a term of twenty-five (25)
20 years from the date of effectivity of this Act, unless sooner revoked or cancelled.
21 This franchise shall be deemed *ipso facto* revoked in the event the Grantee fails to
22 operate continuously for two (2) years.

23
24 **Sec. 7. Self-regulation by and Undertaking of Grantee.**— The Grantee shall not
25 require any previous censorship of any speech, play, act or scene, or other matter
26 to be broadcast from its stations, but if any speech, play, act or scene, or other
27 matter should constitute a violation of the law or infringement of a private right, the
28 Grantee shall be free from any liability, civil or criminal, for such speech, play, act
29 or scene, or other matter: *Provided*, That the Grantee, during any broadcast, shall
30 cut off the airing of speech, play, act or scene, or other matter being broadcast if the
31 tendency thereof is to propose and or incite treason, rebellion or sedition; or the
32 language used therein or the theme thereof is indecent or immoral: *Provided*,
33 *further*, That willful failure to do so shall constitute a valid cause for the cancellation
34 of this franchise.

35
36 **Sec. 8. Warranty in Favor of the National and Local Governments.**— The
37 Grantee shall hold the national, provincial, city, and municipal governments of the
38 Philippines free from all claims, liabilities, demands, or actions arising out of
39 accidents, causing injury to persons or damage to properties, during the
40 construction or operation of the stations of the Grantee.

41
42 **Sec. 9. Commitment to Provide and Promote the Creation of Employment
43 Opportunities.**— The Grantee shall create employment opportunities and shall
44 allow on-the-job training in its franchise operation: *Provided*, That priority shall be

1 accorded to the residents of the place where its principal office is located: *Provided,*
2 *further,* That the Grantee shall follow the applicable labor standards and allowance
3 entitlement under existing labor laws, rules and regulations and similar issuances.

4
5 The employment opportunities or jobs created shall be reflected in the
6 General Information Sheet (GIS) to be submitted to the Securities and Exchange
7 Commission (SEC) annually.

8 **Sec. 10. Sale, Lease, Transfer, Usufruct, or Assignment of Franchise.** – The
9 Grantee shall not sell, lease, transfer, grant the usufruct of, or assign this franchise
10 or the rights and privileges acquired thereunder to any person, firm, company,
11 corporation, or other commercial or legal entity, or merge with any other
12 corporation, or entity, or transfer the controlling interest of the Grantee, whether as
13 a whole or in part, and whether simultaneously or contemporaneously, to any such
14 person, firm, company, corporation, or entity without the prior approval of Congress:
15 *Provided,* That Congress shall be informed of any lease, transfer, grant of usufruct
16 of, sale, or assignment of franchise or the rights and privileges acquired thereunder,
17 or of the merger, or sale of the controlling interest within sixty (60) days after the
18 completion of said transaction: *Provided, further,* That any such transfer, sale, or
19 assignment is in accordance with the constitutional limitations: *Provided,*
20 *furthermore,* That failure to report to Congress such change of ownership shall
21 render the franchise *ipso facto* revoked: *Provided, finally,* That any person or entity
22 to which this franchise is sold, transferred, or assigned, shall be subject to the same
23 conditions, terms, restrictions, and limitations of this Act.

24 **Sec. 11. Dispersal of Ownership.** – In accordance with the constitutional provision
25 encouraging public participation in public utilities, the Grantee shall offer to Filipino
26 citizens at least thirty percent (30%) of its outstanding capital stock, or a higher
27 percentage that may hereafter be provided by law, in any securities exchange in the
28 Philippines within five (5) years from the effectivity of this Act: *Provided,* That in
29 cases where public shares is not applicable, other methods of encouraging public
30 participation by citizens and corporations operating public utilities must be
31 implemented. Noncompliance therewith shall render the franchise *ipso facto*
32 revoked.

33
34 **Sec. 12. Reportorial Requirement.** – The Grantee shall submit an annual report to
35 the Congress of the Philippines, through the Committee on Legislative Franchises
36 of the House of Representatives and the Committee on Public Services of the
37 Senate, on its compliance with the terms and conditions of the franchise and on its
38 operations on or before April 30 of every year during the term of its franchise.

39
40 The annual report shall include an update on the roll-out, development,
41 operation and/or expansion of business; audited financial statements; latest GIS
42 officially submitted to the SEC, if applicable; certification of the NTC on the status
43 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 any application for permit or certificate is accepted by the NTC.

Sec.13. Fine.— The failure of the Grantee to submit the requisite annual report to Congress shall be penalized with a fine in the amount of Five hundred pesos (P500.00) per working day of non-compliance which shall be collected by the NTC. The fine shall be collected separately from the reportorial penalties imposed by the NTC and shall be remitted to the Bureau of the Treasury.

Sec.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 of Congress, shall become part of this franchise and shall be accorded immediately and unconditionally to herein Grantee: *Provided, however,* That the foregoing shall neither apply to nor affect provisions concerning territory covered by the franchise, the term of the franchise, or the type of service authorized by the franchise: *Provided, further,* That the foregoing shall not apply to the sale, lease, transfer, grant of usufruct, or assignment of legislative franchises with prior congressional approval.

Sec.15. *Repealability and Non-exclusivity Clause.*—This franchise shall be subject to amendment, alteration, or repeal by Congress when public interest so requires and shall not be interpreted as an exclusive grant of the privileges herein provided.

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

Sec.17. Repealing Clause. – All laws, presidential decrees, executive orders, letters of instruction, administrative rules and regulations or parts thereof, which are contrary to or inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

Sec.18. Effectivity.— This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

FACT SHEET

House Bill No. **11137**
(In substitution of House Bill Numbered 10728)

AN ACT

RENEWING FOR ANOTHER TWENTY-FIVE YEARS THE FRANCHISE GRANTED TO BENGUET BROADCASTING CORPORATION, CURRENTLY KNOWN AS SPHERE ENTERTAINMENT INC., UNDER REPUBLIC ACT NO. 9119, AS AMENDED, ENTITLED "AN ACT GRANTING THE BENGUET BROADCASTING CORPORATION A FRANCHISE TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES"

Introduced by: REPRESENTATIVES MARGARITA "ATTY. MIGS" B. NOGRALES, CHEENO MIGUEL D. ALMARIO, ANTONIO A. FERRER, FRANCISCO JOSE "BINGO" F. MATUGAS II, CPA, CESO, LLB, ARTHUR F. CELESTE, JOSEPH GILBERT F. VIOLAGO, SERGIO C. DAGOOC, KRISTINE SINGSON-MEEHAN, ANTONIETA R. EUDELA, RAMON RODRIGO L. GUTIERREZ, AUGUSTINA DOMINIQUE "DITSE TINA" C. PANCHO, and GUS S. TAMBUNTING

*Committee Referral: COMMITTEE ON LEGISLATIVE FRANCHISES
Committee Chairperson: HON. GUS S. TAMBUNTING*

OBJECTIVE:

- To allow the Benguet Broadcasting Corporation, currently known as the Sphere Entertainment Inc, to continue its commercial radio and television broadcasting operations in the Philippines

KEY PROVISIONS:

- Renews the franchise Benguet Broadcasting Corporation, currently known as the Sphere Entertainment Inc., for another twenty-five (25) years for continuous commercial radio and television broadcasting operations in the Philippines;
- Mandates the Grantee to secure the appropriate permits and licenses for the construction, installation and operation of its radio stations or facilities from the National Telecommunications Commission (NTC);
- Requires the Grantee to provide an adequate public service time equivalent to a maximum aggregate of ten percent (10%) of the paid advertisements, to inform the population on important public issues and assist in the performance of the functions of public information and education;

- Requires the Grantee to allot a minimum of fifteen percent (15%) of the daily total airtime of each broadcasting network or station to child-friendly shows within its regular programming;
- Prohibits the Grantee to 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, or to incite, encourage, or assist in subversive or treasonable acts;
- Reserves the right of the President of the Philippines 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 in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order;
- Provides that the national and local governments shall not be held liable for any damage to properties or injury to persons caused by accidents during construction or operation of the stations;
- Prohibits the Grantee from leasing, transferring, selling nor assigning the franchise or the controlling interest thereof without the prior approval of Congress;
- Requires the Grantee to submit an annual report to Congress on its compliance with the terms and conditions of the franchise and its operation on or before April 30 of every year;
- Imposes a fine in the amount of Five hundred pesos (P500.00) per working day of noncompliance in the submission of its annual report to Congress and to be collected separately from the reportorial penalties imposed by the NTC; and
- Provides an equality clause which aims to grant existing and potential franchise grantees equal privilege.

RELATED LAWS:

- Constitution
Article XII, Sections 11 and 17
Article XVI, Section 11
- Republic Act No. 9119, entitled “An act granting the Benguet Broadcasting Corporation a franchise to construct, install, establish, operate and maintain radio and television broadcasting stations in the Philippines”
- Republic Act No. 8370, otherwise known as the “Children’s Television Act of 1997”