

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



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez*

House Bill No. **5796**

**EXPLANATORY NOTE**

AZ Communications Network Inc. (AZCOM) was founded in April 1988 as alternative service provider in telecommunications. In 1995, Congress granted AZCOM a franchise to construct, establish, install, operate and maintain, for commercial purposes and in the public interest, radiotelegraph and/or radiotelephone communication stations, with corresponding relay stations in the inter-island, maritime, aeronautical and international public services, both national and/or international, to provide radio communication services and equipment to private firms, companies and corporations within their respective internal frame, and/or to communicate from within the grantee's station or stations under Republic Act No. 8165.

It has a flexible flat organization structure with highly skilled and experienced professionals from the telecommunications industry. It is a data communication provider that has the necessary expertise to provide and implement telecommunication solutions and offer internet services and data connectivity to small and medium enterprises (SME) and government organizations. AZCOM has been given Provisional authority by the National Telecommunications Commission (NTC) to operate in 116 municipalities. In the course of its operations, it has implemented the following services and technologies: Local Multipoint Distribution System (LMDS), Wireless Local Loop (WLL), Very Small Aperture Terminal (VSAT), Very High Frequency (VHF) and Ultra High Frequency (UHF) Microwave Radios, Satellite Uplink Facilities.

AZCOM has been striving to provide Internet access in remote areas therefore increasing internet penetration and is focused on delivering communication to underserved communities in the provinces. This is in line with the government's policy for economic inclusion for all citizens.

AZCOM also provides a long list of information technology services to the Filipino people, especially in those areas which are underserved and neglected. They have bigger plans in store for the benefit of the Philippines and the Filipino people which is why it is imperative that their franchise, expiring in September 2020, be renewed.

In view of the foregoing, immediate approval of this measure is earnestly requested.

  
RUFUS B. RODRIGUEZ



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez*

House Bill No. **5796**

AN ACT

RENEWING THE FRANCHISE GRANTED TO THE AZ COMMUNICATIONS NETWORK INC. UNDER REPUBLIC ACT NO. 8165 ENTITLED "AN ACT GRANTING THE AZ COMMUNICATIONS NETWORK INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN PUBLIC RADIOTELEPHONE AND RADIOTELEGRAPH COASTAL STATIONS AND PUBLIC FIXED AND PUBLIC BASED AND LAND-MOBILE STATIONS FOR THE RECEPTION AND TRANSMISSION OF RADIOTELEPHONE AND RADIOTELEGRAPH COMMUNICATIONS WITHIN THE PHILIPPINES" FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE EFFECTIVITY OF THIS ACT

*Be it enacted by the Senate and the 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 the AZ Communications Network, Inc., hereunder referred to as the grantee, its successors or assigns, to construct, establish, install, operate and maintain, for commercial purposes and in the public interest, radiotelegraph and/or radiotelephone communication stations, with corresponding relay stations in the inter-island, maritime, aeronautical and international public services, both national and/or international, to provide radio communication services and equipment to private firms, companies and corporations within their respective internal frame, and/or to communicate from within the grantee's station or stations, is hereby renewed for another twenty-five (25) years from the effectivity of this Act.

**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 the existing stations or other stations which may be established in accordance with 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.

**Sec. 3. Prior Approval of the National Telecommunications Commission.** — The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for its stations and shall not use any frequency in the radio 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. Responsibility to the Public.** — The grantee shall conform to the ethics of honest enterprise and shall not use its stations for obscene or indecent or for the dissemination of deliberately false information or willful misrepresentation, or assist in subversive or treasonable acts.



**Sec. 5. Rates for Services.** — The charges and rates for services, excluding the sale or lease of equipment or units, that the grantee shall offer to the public shall be subject to the approval of the National Telecommunications Commission or its legal successor.

**Sec. 6. Right of Government.** — The President of the Philippines, in times of war, rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, may temporarily take over and operate the stations, transmitter systems, facilities, and equipment of the grantee, temporarily suspend the operation of an station 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, transmitter systems, facilities, and equipment during the period when they shall be so operated.

**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. In the event the grantee fails to operate continuously for two (2) years, this franchise shall be deemed ipso facto revoked.

**Sec. 8. 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 equivalent to three percent (3%) of 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 Sec. 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 be subject to audit by the Bureau of Internal revenue.

**Sec. 9. 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 there under to any person, firm, company, corporation or other commercial or legal entity, nor merge with any corporation or entity without the prior approval of the Congress of the Philippines. Neither shall the controlling interest in 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. 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. 10. Warranty in favor of National and Local Governments.** — The grantee shall hold the national, provincial, 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, facilities, and equipment of the grantee.

**Sec. 11. 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. 12. Repealing 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.

**Sec. 13. Publication.** – This Act shall be published, through the initiative of the Grantee, fifteen (15) days after this Act is signed by the President of the Philippines or has lapsed into law.

**Sec. 14. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,