

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session

HOUSE BILL NO. **3864**

Introduced by Honorable Mark O. Go



EXPLANATORY NOTE

Section 24, Article II of the 1987 Constitution provides, "The State recognizes the vital role of communication and information in nation-building."

The Beta Broadcasting System, Inc., a purely Filipino-owned corporation operates three (3) radio stations in the Philippines. These stations are overwhelmingly listened to in Baguio-Benguet areas in the Cordillera Administrative Region (CAR), Olongapo-Subic and Bataan-Zambales areas in Region III, and Pangasinan-La Union areas in Region I.

For forty-eight (48) years of operations, it has established its commitment to serve the people through accountable radio broadcasting with an equitable offering of news and information, public service announcements and musical entertainment.

Beta Broadcasting System, Inc. has now become a credible radio broadcasting figure in its areas of coverage. It aims to continue their social responsibility in providing public service with a larger scope.

This bill seeks to renew and amend the franchise granted to Beta Broadcasting System, Inc. under Republic Act No. 8026 which was approved on May 25, 1995.

The renewal and amendment of its franchise would allow Beta Broadcasting System, Inc. not only to broaden its service commitment all over the country, but also to execute long-term planning and capital build-up while taking into account the emerging technologies that make the broadcasting industry capital intensive.

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


MARK O. GO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session

HOUSE BILL NO. **3864**

Introduced by Honorable Mark O. Go

AN ACT
AMENDING AND RENEWING THE FRANCHISE GRANTED TO BETA
BROADCASTING SYSTEM, INC. TO CONSTRUCT, INSTALL, ESTABLISH,
OPERATE AND MAINTAIN RADIO BROADCASTING STATIONS IN THE
PHILIPPINES

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, there is hereby granted to Beta Broadcasting System, Inc., hereunder referred to as the grantee, its successors or assigns, a franchise to construct, install, establish, operate and maintain for commercial purposes and in the public interest, radio broadcasting stations in the Philippines, where frequencies are still available for radio broadcasting, through microwave, satellite or whatever means, including the use of any new technologies in radio systems, with the corresponding technological auxiliaries and facilities, special broadcast and other program and distribution services and relay stations.

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 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. ***Prior Approval of the National Telecommunications Commission.*** – The grantee shall secure from the National Telecommunications Commission (NTC) the appropriate permits and licenses for the construction and operation of its stations and facilities 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.

SECTION 4. ***Responsibility to the Public.*** - The grantee shall provide adequate public service time to enable the government, through the said broadcasting stations or facilities, to reach the population on important public issues; provide at all times sound and balanced programming; assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations and facilities 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.

SECTION 5. ***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 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, upon due compensation to the grantee, for the use of its stations or facilities during the period when they shall be so operated.

The radio spectrum is a finite resource that is 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 6. ***Term of Franchise.*** – This franchise shall be in effect for a period of twenty-five (25) years, unless sooner revoked or cancelled. This franchise shall be deemed *ipso facto* revoked in the event the grantee fails to comply with any of the following conditions: (a) commence operations within two (2) years from the approval of its operating permit by the NTC; (b) operate continuously for two (2) years; and (c) commence operations within three (3) years from the effectivity of this Act.

SECTION 7. *Acceptance and Compliance.* – Acceptance of this franchise shall be given in writing 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.

SECTION 8. *Tax Provisions.* – The grantee, its successors or assigns, shall be subject to the payment of all taxes, duties, fees or charges and other impositions under the National Internal Revenue Code of 1997, as amended, and other applicable laws: Provided, that nothing herein shall be construed as repealing any specific tax exemptions, incentives or privileges granted under any relevant law: Provided, further, that all rights, privileges, benefits and exemptions accorded to existing and future broadcasting stations franchises shall likewise be extended to the grantee. The grantee shall file the return with the city or province where its facility is located, and pay the taxes 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.

SECTION 9. *Self-regulation by and Undertaking of the Grantee.* - The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast from its stations: *Provided*, That the grantee, during any broadcast, shall cut off from the air the speech, play, act or scene, or other matter being broadcast 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: *Provided, further*, That willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

SECTION 10. *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 of the grantee.

SECTION 11. *Non-transferability of Franchise.* - The grantee shall neither 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, nor shall the controlling interest of 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. *Provided*, that the foregoing limitations shall not apply to: (1) any transfer or issuance of shares to any investor pursuant to or in connection with any increase in the grantee's authorized capital stock which shall result in the dilution of the stockholdings of the grantee's then existing stockholders; (2) any transfer or sale of shares of stock to an investor or investors; (3) any sale, transfer, or assignment by the stockholders of the grantee in favor of a holding company whose stockholders are identical to the stockholders of the grantee; (4) any combination thereof where such transfer, sale, or issuance is effected in order to enable the grantee to raise the necessary capital or financing for the provision of any of the services authorized by this Act and/or carry out any of the purposes for which the grantee has been incorporated or organized: *Provided*, further, that any such transfer, sale or issuance is in accordance with any applicable constitutional limitation. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to all the same conditions, terms, restrictions, and limitations of this Act.

SECTION 12. ***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 per cent (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 time it has achieved the status of a national broadcasting network. A "national broadcasting network" is hereby defined as one that operates three (3) or more radio stations in different service areas. *Provided*, That in cases where public offer of shares is not applicable, establishment of cooperatives and other methods of encouraging public participation by citizens and corporations operating public utilities must be implemented. Non-compliance therewith shall render the franchise *ipso facto* revoked.

SECTION 13. ***Equality Clause.*** - Any advantage, favor, privilege, exemption or immunity granted under existing franchises, or which may hereafter be granted for radio and/or television broadcasting, shall *ipso facto* become part of this franchise and shall be accorded immediately and unconditionally to the herein grantee: *Provided*, however, that the foregoing shall neither apply to nor affect provisions of broadcasting franchises concerning territory

covered by the franchise, the life span of the franchise or the type of service authorized by the franchise.

SECTION 14. *General Broadcast Policy Law.* – The grantee shall comply with and be subject to the provisions of a general broadcast policy law, which Congress may hereafter enact

SECTION 15. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

SECTION 16. *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.

SECTION 17. *Effectivity.*– This Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the grantee, in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

Approved,