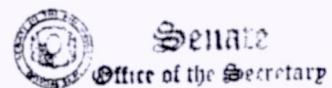


EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session



SENATE

*19 AUG 28 P1 :45

S. No. 981

RECEIVED BY *J*

Introduced by Senator Ralph G. Recto

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

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

capitalization, and number 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.

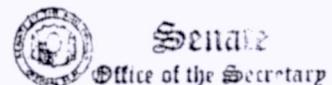


RALPH G. RECTO

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

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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"

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

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

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

1 corresponding technological auxiliaries or facilities, special broadcast
2 and other broadcast distribution services and relay stations~~[.]~~, **IS**
3 **HEREBY RENEWED FOR ANOTHER TWENTY-FIVE (25) YEARS."**

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

6 *"Sec. 2. Manner of Operation of Stations or Facilities.* – The
7 existing and future stations or facilities of the grantee shall be
8 constructed in a manner as will at most result only in the minimum
9 interference on the wavelengths or frequencies of ~~[the other]~~ existing
10 station**S** or **OTHER** stations which may be established by law without
11 in any way diminishing its own right to use its ~~[selected]~~ **ASSIGNED**
12 wavelengths or frequencies and the quality of transmission or reception
13 thereon as should maximize rendition of the grantee's services and/or
14 the availability thereof."

15 Sec. 3. Section 3 of Republic Act No. 7966 is hereby amended to read as
16 follows:

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

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

27 *"Sec. 4. Responsibility to the Public.* – The grantee shall provide
28 **FREE OF CHARGE**, adequate public service time to enable the
29 government, through the said broadcasting stations, to reach the
30 **PERTINENT** population**S OR PORTIONS THEREOF**, on important
31 public issues; **AND RELAY IMPORTANT PUBLIC**
32 **ANNOUNCEMENTS AND WARNINGS CONCERNING PUBLIC**

1 **EMERGENCIES AND CALAMITIES, AS NECESSITY, URGENCY**
2 **OR LAW MAY REQUIRE;** provide at all times sound and balanced
3 programming; promote public participation ~~such as in community~~
4 programming}; assist in the functions of public information and
5 education; conform to the ethics of honest enterprise; **PROMOTE**
6 **AUDIENCE SENSIBILITY AND EMPOWERMENT INCLUDING**
7 **CLOSED CAPTIONING;** and not use its stations for the broadcasting
8 of obscene and indecent language, speech, act, ~~or~~ scene~~,~~ or for
9 the dissemination of deliberately false information or willful
10 misrepresentation to the detriment of the public interest, or to incite,
11 encourage, or assist in subversive or treasonable acts.

12 **"PUBLIC SERVICE TIME REFERRED HEREIN SHALL BE**
13 **EQUIVALENT TO A MAXIMUM AGGREGATE OF TEN PERCENT**
14 **(10%) OF THE PAID COMMERCIALS OR ADVERTISEMENTS**
15 **WHICH SHALL BE ALLOCATED BASED ON NEED TO THE**
16 **EXECUTIVE AND LEGISLATIVE BRANCHES, THE JUDICIARY,**
17 **CONSTITUTIONAL COMMISSIONS AND INTERNATIONAL**
18 **HUMANITARIAN ORGANIZATIONS DULY RECOGNIZED BY**
19 **STATUTES: PROVIDED, THAT THE NTC SHALL INCREASE THE**
20 **PUBLIC SERVICE TIME IN CASE OF EXTREME EMERGENCY OR**
21 **CALAMITY. THE NTC SHALL ISSUE RULES AND REGULATIONS**
22 **FOR THIS PURPOSE, THE EFFECTIVITY OF WHICH SHALL**
23 **COMMENCE UPON APPLICABILITY WITH OTHER SIMILARLY**
24 **SITUATED BROADCAST NETWORK FRANCHISE HOLDERS."**

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

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

1 "A special right is hereby reserved to the President of the
2 Philippines, in times of rebellion, public peril, calamity, emergency,
3 disaster or disturbance of peace and order, to temporarily take over
4 and operate the stations of the grantee, to temporarily suspend the
5 operation of any station in the interest of public safety, security and
6 public welfare, or to authorize the temporary use and operation thereof
7 by any agency of the government, upon due compensation to the
8 grantee, for the use of the said stations during the period when they
9 shall be so operated."

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

12 "Sec. 6. *Term of Franchise.* – This franchise shall be for a term of
13 twenty-five (25) years from the date of effectivity of this Act, **UNLESS**
14 **SOONER REVOKED OR CANCELLED. THIS FRANCHISE SHALL**
15 **BE DEEMED IPSO FACTO REVOKED IN THE EVENT THE**
16 **GRANTEE FAILS TO OPERATE CONTINUOUSLY FOR TWO (2)**
17 **YEARS.**"

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

20 "Sec. 7. *Acceptance and Compliance.* – Acceptance of this
21 franchise shall be given in writing to **THE Congress OF THE**
22 **PHILIPPINES, THROUGH THE COMMITTEE ON LEGISLATIVE**
23 **FRANCHISES OF THE HOUSE OF REPRESENTATIVES AND THE**
24 **COMMITTEE ON PUBLIC SERVICES OF THE SENATE OF THE**
25 **PHILIPPINES** within sixty (60) days from the effectivity of this Act.
26 Upon giving such acceptance, the grantee shall exercise the privileges
27 granted under this Act, **NON-ACCEPTANCE SHALL RENDER THE**
28 **FRANCHISE VOID.**"

29 Sec. 8. Section 8 of Republic Act No. 7966 is hereby amended to read as
30 follows:

31 "Sec. 8. *Tax Provisions.* – The grantee, its successors or
32 assigns[,] shall **CONTINUE TO BE SUBJECT TO ALL APPLICABLE**

1 **TAXES, DUTIES, FEES OR CHARGES AND OTHER**
2 **IMPOSITIONS UNDER REPUBLIC ACT NO. 8424, OTHERWISE**
3 **KNOWN AS 'THE NATIONAL INTERNAL REVENUE CODE OF**
4 **1997', AS AMENDED, REPUBLIC ACT NO. 7160, OTHERWISE**
5 **KNOWN AS 'THE LOCAL GOVERNMENT CODE OF 1991', AS**
6 **AMENDED, AND OTHER APPLICABLE LAWS."** ~~[be liable to pay the~~
7 ~~same taxes on their real estate, buildings and personal property,~~
8 ~~exclusive of this franchise, as other persons or corporations are now~~
9 ~~or hereafter may be required by law to pay. In addition thereto, the~~
10 ~~grantee, its successors or assigns, shall pay a franchise tax equivalent~~
11 ~~to three percent (3%) of all gross receipts of the radio/television~~
12 ~~business transacted under this franchise by the grantee, its successors~~
13 ~~or assigns, and the said percentage shall be in lieu of all taxes on this~~
14 ~~franchise or earnings thereof: Provided, That the grantee, its~~
15 ~~successors or assigns, shall continue to be liable for income taxes~~
16 ~~payable under Title II of the National Internal Revenue Code pursuant~~
17 ~~to Section 2 of Executive Order No. 72 unless the latter enactment is~~
18 ~~amended or repealed, in which case the amendment or repeal shall be~~
19 ~~applicable thereto. The grantee shall file the return with and pay the~~
20 ~~tax due thereon to the Commissioner of Internal Revenue or his duly~~
21 ~~authorized representatives in accordance with the National Internal~~
22 ~~Revenue Code, and the return shall be subject to audit by the Bureau~~
23 ~~of Internal Revenue.]~~

24 Sec. 9 Section 9 of Republic Act No. 7966 is hereby amended to read as
25 follows:

26 *"Sec. 9. Self-regulation by and Undertaking of Grantee.* – The
27 grantee shall not require any previous censorship of any speech, play,
28 act or scene, or other matter to be broadcast and/or telecast from its
29 stations: *Provided*, That the grantee, during any broadcast and/or
30 telecast, shall ~~[cut off from]~~ **NOT ALLOW TO BE AIRED** ~~[the air]~~ the
31 speech, play, act or scene, or other matter being broadcast and/or
32 telecast if the tendency thereof is to propose and/or incite treason,
33 rebellion or sedition; or the language used therein or the theme thereof
34 is indecent or immoral:~~[, and]~~ **PROVIDED, FURTHER, THAT** willful
35 failure to do so shall constitute a valid cause for the cancellation of this
36 franchise."

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

3 "Sec. 10. *Warranty in Favor of National and Local Governments.* –

4 The grantee shall hold the national, provincial, **CITY**, and municipal
5 governments of the Philippines ~~harmless~~ **FREE** from all claims,
6 ~~accounts,~~ **LIABILITIES**, demands or actions arising out of accidents
7 ~~or injuries, whether to property or to persons, caused by~~ **CAUSING**
8 **INJURY TO PERSONS OR DAMAGE TO PROPERTIES, DURING**
9 the construction or operation of the stations of the grantee."

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

12 "**SEC. 11. COMMITMENT TO PROVIDE AND PROMOTE THE**
13 **CREATION OF EMPLOYMENT OPPORTUNITIES. — THE**
14 **GRANTEE SHALL CREATE EMPLOYMENT OPPORTUNITIES AND**
15 **SHALL ALLOW ON-THE-JOB TRAININGS IN THEIR FRANCHISE**
16 **OPERATION: PROVIDED, THAT PRIORITY SHALL BE**
17 **ACCORDED TO THE RESIDENTS IN AREAS WHERE ANY OF ITS**
18 **OFFICES IS LOCATED: PROVIDED, FURTHER, THAT THE**
19 **GRANTEE SHALL COMPLY WITH THE APPLICABLE LABOR**
20 **STANDARDS AND ALLOWANCE ENTITLEMENT UNDER**
21 **EXISTING LABOR LAWS, RULES AND REGULATIONS AND**
22 **SIMILAR ISSUANCES: PROVIDED, FINALLY, THAT THE**
23 **EMPLOYMENT OPPORTUNITIES OR JOBS CREATED SHALL BE**
24 **REFLECTED IN THE GENERAL INFORMATION SHEET TO BE**
25 **SUBMITTED TO THE SECURITIES AND EXCHANGE**
26 **COMMISSION (SEC) ANNUALLY."**

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

29 "Sec. ~~[11]~~ **12. Sale, Lease, Transfer, GRANT OF Usufruct~~[, etc.]~~
30 **OR ASSIGNMENT OF FRANCHISE.** – The grantee shall not **SELL**,
31 lease, transfer, grant the usufruct of, ~~[sell]~~ nor assign this franchise or
32 the rights and privileges acquired thereunder to any person, firm,**

1 company, corporation or other commercial or legal entity, **NOR**
2 **MERGE WITH ANY OTHER CORPORATION OR ENTITY**, without
3 the approval of the Congress of the Philippines. **CONGRESS SHALL**
4 **BE INFORMED OF ANY SALE, LEASE, TRANSFER, GRANT OF**
5 **USUFRUCT, OR ASSIGNMENT OF FRANCHISE OR THE RIGHTS**
6 **AND PRIVILEGES ACQUIRED THEREUNDER, OR OF THE**
7 **MERGER OR TRANSFER OF THE CONTROLLING INTEREST OF**
8 **THE GRANTEE, WITHIN SIXTY (60) DAYS AFTER THE**
9 **COMPLETION OF THE SAID TRANSACTION. FAILURE TO**
10 **REPORT TO CONGRESS SUCH CHANGE OF OWNERSHIP SHALL**
11 **RENDER THE FRANCHISE *IPSO FACTO* REVOKED.** Any person or
12 entity to which this franchise is sold, transferred or assigned shall be
13 subject to all the same conditions, terms, and limitations of this Act."

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

16 **'SEC. 13. DISPERSAL OF OWNERSHIP. — IN**
17 **ACCORDANCE WITH THE CONSTITUTIONAL PROVISION TO**
18 **ENCOURAGE PUBLIC PARTICIPATION IN PUBLIC UTILITIES,**
19 **THE GRANTEE SHALL OFFER TO FILIPINO CITIZENS AT LEAST**
20 **THIRTY PERCENT (30%) OR A HIGHER PERCENTAGE THAT**
21 **MAY HEREAFTER BE PROVIDED BY LAW OF ITS OUTSTANDING**
22 **CAPITAL STOCK IN ANY SECURITIES EXCHANGE IN THE**
23 **PHILIPPINES WITHIN FIVE (5) YEARS FROM THE**
24 **COMMENCEMENT OF ITS OPERATIONS: PROVIDED, THAT IN**
25 **CASES WHERE PUBLIC OFFER OF SHARES IS NOT APPLICABLE,**
26 **THE GRANTEE SHALL APPLY OTHER METHODS OF**
27 **ENCOURAGING PUBLIC PARTICIPATION BY CITIZENS AND**
28 **CORPORATIONS OPERATING PUBLIC UTILITIES AS ALLOWED**
29 **BY LAW. NONCOMPLIANCE THEREWITH SHALL RENDER THE**
30 **FRANCHISE *IPSO FACTO* REVOKED.'**

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

1 **'SEC. 14. REPORTORIAL REQUIREMENT. — DURING THE**
2 **TERM OF ITS FRANCHISE, THE GRANTEE SHALL SUBMIT AN**
3 **ANNUAL REPORT TO THE CONGRESS OF THE PHILIPPINES,**
4 **THROUGH THE COMMITTEE ON LEGISLATIVE FRANCHISES OF**
5 **THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON**
6 **PUBLIC SERVICES OF THE SENATE, ON ITS COMPLIANCE**
7 **WITH THE TERMS AND CONDITIONS OF THE FRANCHISE AND**
8 **ON ITS OPERATIONS ON OR BEFORE APRIL 30 OF EVERY**
9 **YEAR.**

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

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

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

24 **"SEC. 15. FINE. — FAILURE OF THE GRANTEE TO SUBMIT**
25 **THE REQUISITE ANNUAL REPORT TO CONGRESS SHALL BE**
26 **PENALIZED BY A FINE OF FIVE HUNDRED PESOS (P500.00)**
27 **PER WORKING DAY OF NONCOMPLIANCE. THE FINE SHALL BE**
28 **COLLECTED BY THE NTC FROM THE DELINQUENT FRANCHISE**
29 **GRANTEE SEPARATE FROM THE REPORTORIAL PENALTIES**
30 **IMPOSED BY THE NTC AND THE SAME SHALL BE REMITTED TO**
31 **THE NATIONAL TREASURY."**

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

3 **"SEC. 16. EQUALITY CLAUSE. — ANY ADVANTAGE,**
4 **FAVOR, PRIVILEGE, EXEMPTION, OR IMMUNITY GRANTED**
5 **UNDER EXISTING FRANCHISES, OR WHICH MAY HEREAFTER**
6 **BE GRANTED FOR RADIO AND TELEVISION BROADCASTING,**
7 **UPON PRIOR REVIEW AND APPROVAL OF CONGRESS, SHALL**
8 **BECOME PART OF THIS FRANCHISE AND SHALL BE ACCORDED**
9 **IMMEDIATELY AND UNCONDITIONALLY TO THE HEREIN**
10 **GRANTEE: PROVIDED, THAT THE FOREGOING SHALL NEITHER**
11 **APPLY TO NOR AFFECT PROVISIONS OF BROADCASTING**
12 **FRANCHISES CONCERNING TERRITORIAL COVERAGE, THE**
13 **TERM, OR THE TYPE OF SERVICE AUTHORIZED UNDER THIS**
14 **FRANCHISE."**

15 Sec. 17. *Repealability and Nonexclusivity Clauses.* — This franchise shall be
16 subject to amendment, alteration or repeal by the Congress of the Philippines when
17 the public interest so requires and shall not be interpreted as an exclusive grant of
18 the privileges herein provided for.

19 Sec. 18. *Separability Clause.* — If any of the sections or provisions of this Act is
20 held invalid, all the other provisions not affected thereby shall remain valid.

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

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

27 Approved,