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LAWNUM: RA07303
DATE : 03/26/92
TITLE : AN ACT GRANTING THE KALAYAAN BROADCASTING SYSTEM,
INCORPORATED, A
FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO
BROADCASTING
STATIONS IN THE ISLAND OF MINDANAO AND FOR OTHER PURPOSES

TEXT :

H.No. 27696

Republic of the Philippines
Congress of the Philippines
Metro Manila

Fifth Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second
day of July, nineteen hundred and ninety-one.

[REPUBLIC ACT No. 07303]

AN ACT GRANTING THE KALAYAAN BROADCASTING
SYSTEM, INCORPORATED, A FRANCHISE TO
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN
RADIO BROADCASTING STATIONS IN THE ISLAND
OF MINDANAO AND FOR OTHER PURPOSES

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 the Kalayaan
Broadcasting System, Incorporated, hereunder referred to as
the grantee, its successors or assigns a franchise to
construct, install, operate and maintain for commercial
purposes and in the public interest radio broadcasting
stations in the island of Mindanao with the corresponding
technological auxiliaries or facilities, special broadcast
and other program and distribution services and relay
stations, and to install radio communication facilities for
the grantee's private use in its broadcast services.

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 other existing stations or 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.

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 provide reasonable public service time to enable the Government, through the said broadcasting stations, to reach the population on important public issues; 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; 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, or to the detriment of the public interest, or to incite, encourage, or assist in subversive or treasonable acts.

SEC. 5. Right of Government. - 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 said stations during the period when they shall be so operated.

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

SEC. 7. Acceptance and Compliance. - Acceptance of this franchise shall be given in writing within sixty (60) days after the effectivity of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act. Nonacceptance shall render the franchise void.

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 radio 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 representative in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

SEC 9. Democratization of Ownership. - In compliance with the constitutional mandate to democratize ownership of public utilities, the herein grantee shall make the public offering through the stock exchange of at least thirty percent (30%) of its common stock within a period of three (3) years from the date of effectivity of this Act: Provided, That no single person or entity shall be allowed to own more than five percent (5%) of the stock offerings.

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 of the grantee.

SEC. 11. Sale, Lease, Transfer, Usufruct, etc. - The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise or the rights and privileges acquired thereunder to any person, firm, company, corporation or other commercial or legal entity, nor shall the controlling interest in the grantee be transferred, whether as a whole or in parts and whether simultaneously or contemporaneously, to any such private 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, restrictions and limitations of this Act.

SEC. 12. 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. 13. 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. 14. General Broadcast Policy. - The grantee shall comply with and be subject to the provisions of a general broadcast policy law that may hereafter be enacted.

SEC. 15. Reportorial Requirement. - The grantee shall submit an annual report to the Congress of the Philippines on its compliance with the terms and conditions of the franchise and on its operations within sixty (60) days from the end of every year.

SEC. 16. Effectivity Clause. - This Act shall take effect fifteen days (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,

	NEPTALI A. GONZALES	RAMON V.
MITRA	President of the Senate	Speaker of the
House		of Representatives

This Act which originated in the House of Representatives was finally passed by the House of Representatives and the Senate on February 5, 1992 and February 4, 1992, respectively.

	ANACLETO D. BADOY, JR.	CAMILO L.
SABIO	Secretary of the Senate	Secretary
General		House of Representatives

Approved: March 26, 1992

CORAZON C. AQUINO
President of the Philippines