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TITLE : AN ACT GRANTING SBS RADIO NETWORK, INC., A FRANCHISE TO
CONSTRUCT, INSTALL, OPERATE AND MAINTAIN RADIO BROADCASTING STATIONS

IN

THE PHILIPPINES AND FOR OTHER PURPOSES

TEXT :

H. No. 28009

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. 7397]

AN ACT GRANTING SBS RADIO NETWORK, INC., A
FRANCHISE TO CONSTRUCT, INSTALL, OPERATE
AND MAINTAIN 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:

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 SBS Radio Network, Inc., 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 Philippines 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. Self-regulation by and Undertaking of Grantee. -The grantee shall not require any previous censorship of any speech, play, act or scene, or other matter to be broadcast and/or telecast from its stations; but if any such speech, play, act or scene, or other matter should constitute a violation of the law or infringement of a private right, the grantee shall be free from any liability, civil or criminal, for such speech, play, act or scene, or other matter: Provided, That the grantee, during any broadcast and telecast, 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; and willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

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 nor 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 to any such private person, firm, company, corporation or entity without the prior approval of the Congress of the Republic 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. Public Ownership. - In adherence to the constitutional mandate, the herein grantee shall comply with the enabling law implementing for the purpose the democratization of ownership of all public utilities.

SEC. 13. 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. 14. Repealing 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. 15. Broadcast Policy Law. - The grantee shall comply with such broadcast policy law as Congress may enact.

SEC. 16. Report to the Congress of the Philippines. - The grantee shall submit an annual report to the Congress of the Republic of the Philippines with respect to its operations and/or in compliance with the terms and conditions of its franchise.

SEC'. 17. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,

NEPTALI A. GONZALES
President of the Senate

RAMON V. MITRA
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
3,
1992 and January 23, 1992, respectively.

ANACLETO D. BADOY, JR.
Secretary of the Senate

CAMILO L. SABIO
Secretary General
House of Representatives

Approved: April 13, 1992

CORAZON C. AQUINO
President of the Philippines