

[REPUBLIC ACT NO. 7399, April 13, 1992]

AN ACT GRANTING THE ALIW BROADCASTING CORPORATION A FRANCHISE TO INSTALL, CONSTRUCT, OPERATE AND MAINTAIN COMMERCIAL RADIO AND TELEVISION BROADCASTING STATIONS THROUGHOUT 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 the Aliw Broadcasting Corporation, its successors or assigns and hereunder referred to as the grantee, a franchise to construct, install, operate and maintain for commercial purposes and in the public interest radio and television broadcasting stations throughout the Philippines with the corresponding technological auxiliaries or facilities, special broadcast and other broadcast 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 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/television 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 to the detriment of the public interest, or to incite, encourage, or assist in subversive or treasonable acts.

SEC. 5. *Right of Government.* - The President of the Philippines, in times of rebellion, public peril, calamity, emergency, disaster or disturbance of peace and order, may temporarily take over and operate the stations of the grantee, temporarily suspend the operation of any 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 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 the 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 approval of this Act. The grantee shall construct, complete and operate a television or radio station within two (2) years from the date of its acceptance in writing of this franchise. Refusal or failure to accept the franchise or to operate within the prescribed period 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 which 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/television 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. 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 public offerings through the stock exchange of at least thirty percent (30%) of its common stocks within a period of three (3) years from the date of effectivity of this Act: *Provided*, That no single entity shall be allowed 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, systems and facilities and equipment 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