



HOUSE OF REPRESENTATIVES

H. No. 5211

BY REPRESENTATIVES ABAYON, ALVAREZ (F.), PACQUIAO, TUPAS, BERTIZ, CAMPOS, GARBIN, BRAVO (A.), EUSEBIO, DE VERA, MARTINEZ, ROQUE (H.), GULLAS, ATIENZA, SUAREZ, CANAMA, CHAVEZ, SALON, MONTORO, YU, SIAO, ONG (E.), BELARO, ONG (H.) AND MATUGAS, PER COMMITTEE REPORT NO. 155

AN ACT RENEWING FOR ANOTHER TWENTY-FIVE (25) YEARS THE FRANCHISE GRANTED TO GATEWAY U.H.F. TELEVISION BROADCASTING, INC., PRESENTLY KNOWN AS GATEWAY TELEVISION BROADCASTING, INC., AND DOING BUSINESS UNDER THE NAME AND STYLE OF HOPE CHANNEL PHILIPPINES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7223, ENTITLED "AN ACT GRANTING GATEWAY U.H.F. TELEVISION BROADCASTING, INC., A FRANCHISE TO CONSTRUCT, INSTALL, OPERATE AND MAINTAIN FOR COMMERCIAL PURPOSES UHF TELEVISION 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. Republic Act No. 7223 is hereby amended to read as
2 follows:

3 "SECTION 1. *Nature and Scope of Franchise.* - Subject to
4 the provisions of the Constitution and applicable laws, rules and
5 regulations, [there is hereby granted to Gateway U.H.F.
6 Television Broadcasting, Inc., hereunder referred to as the
7 grantee, its successors or assigns a franchise] THE FRANCHISE

1 GRANTED TO GATEWAY U.H.F. TELEVISION BROADCASTING,
2 INC., PRESENTLY KNOWN AS GATEWAY TELEVISION
3 BROADCASTING, INC., AND DOING BUSINESS UNDER THE NAME
4 AND STYLE OF HOPE CHANNEL PHILIPPINES, HEREUNDER
5 REFERRED TO AS THE GRANTEE, ITS SUCCESSORS OR
6 ASSIGNEES, to construct, install, ESTABLISH, operate and
7 maintain [for commercial purposes and] in the public interest
8 AND FOR RELIGIOUS, EDUCATIONAL, CHARITABLE, AND
9 SOCIO-CIVIC PURPOSES, [UHF] television AND/OR RADIO
10 broadcasting stations in the Philippines, INCLUDING DIGITAL
11 TELEVISION SYSTEM, THROUGH MICROWAVE, SATELLITE OR
12 WHATEVER MEANS, INCLUDING THE USE OF ANY NEW
13 TECHNOLOGIES IN RADIO AND TELEVISION SYSTEMS, with the
14 corresponding technological auxiliaries or facilities, special
15 broadcast AND OTHER PROGRAM, AND distribution services and
16 relay stations[: *Provided, however,* That only one (1) UHF
17 channel shall be allocated to any given locality.] IS HEREBY
18 RENEWED FOR ANOTHER TWENTY-FIVE (25) YEARS FROM THE
19 EFFECTIVITY OF THIS ACT.

20 "SEC. 2. *Manner of Operation of Stations or Facilities.*

21 - The stations or facilities of the grantee shall be constructed
22 and operated in a manner as will at most result only in the
23 minimum interference on the wavelengths or frequencies of
24 [the] existing stations or other stations which may be established
25 [in accordance with] BY law [of other telecommunications
26 services grantees] without in any way diminishing its own right
27 to use its [selected] ASSIGNED wavelengths or frequencies and

1 the quality of transmission or reception thereon as should
2 maximize rendition of the grantee's services and/or the
3 availability thereof.

4 "SEC. 3. *Prior Approval of the National*
5 *Telecommunications Commission.* - The grantee shall secure
6 from the National Telecommunications Commission (NTC) the
7 appropriate permits and licenses for its stations and shall not use
8 any frequency in the RADIO/television spectrum without [having
9 been authorized by the Commission] AUTHORIZATION FROM
10 THE NTC. The [Commission] NTC, however, shall not
11 unreasonably withhold or delay the grant of any such authority.

12 "THE GRANTEE SHALL NOT DISPOSE NOR LEASE ITS
13 FACILITIES EXCEPT TO ENTITIES WITH A RADIO OR TELEVISION
14 FRANCHISE: *PROVIDED*, THAT THE GRANTEE SHALL INFORM
15 AND SECURE WRITTEN AUTHORIZATION TO PROCEED FROM
16 THE NTC, AND REPORT THE TRANSACTION TO THE NTC
17 WITHIN SIXTY (60) DAYS AFTER ITS COMPLETION: *PROVIDED*,
18 *FURTHER*, THAT THE NTC SHALL DETERMINE THE
19 CORRESPONDING SANCTION FOR ANY VIOLATION OF THIS
20 PROVISION.

21 "SEC. 4. *Responsibility to the Public.* - The grantee
22 shall provide reasonable public service time to enable the
23 Government, through [the said UHF television] ITS
24 BROADCASTING stations OR FACILITIES, to reach the population
25 on important public issues; provide at all times sound and
26 balanced programming; promote public participation such as in
27 community programming; assist in the functions of public
28 information and education; conform to the ethics of honest

1 enterprise; and not use its stations for the broadcasting of
2 obscene and indecent language, speech, act or scene, or for the
3 dissemination of deliberately false information or willful
4 misrepresentation to the detriment of the public interest, or to
5 incite, encourage, or assist in subversive or treasonable acts.

6 “[SEC. 5. *Rates for Services.* – The grantee shall fix
7 just and reasonable rates for subscription, excluding the cost of
8 installation, subject to the regulations of the National
9 Telecommunications Commission and other proper regulatory
10 agencies of the Government.]

11 “SEC. [6]5. *Right of THE Government.* – THE RADIO
12 SPECTRUM IS A FINITE RESOURCE THAT IS PART OF THE
13 NATIONAL PATRIMONY AND THE USE THEREOF IS A PRIVILEGE
14 CONFERRED UPON THE GRANTEE BY THE STATE AND MAY BE
15 WITHDRAWN ANY TIME AFTER DUE PROCESS.

16 “A special right is hereby reserved to the President of the
17 Philippines, in times of WAR, rebellion, public peril, calamity,
18 emergency, disaster or SERIOUS disturbance of peace and
19 order[,]; to temporarily take over and operate the stations OR
20 FACILITIES of the grantee[,]; to temporarily suspend the
21 operation of any station OR FACILITY in the interest of public
22 safety, security and public welfare[,]; or to authorize the
23 temporary use and operation thereof by any agency of the
24 Government, upon due compensation to the grantee, for the use
25 of [said] THE stations OR FACILITIES during the period when
26 [they] THESE shall be so operated.

1 “SEC. [7]6. *Term of Franchise.* – This franchise shall
2 be [for a term] IN EFFECT FOR A PERIOD of twenty-five (25)
3 years from the [date of] effectivity of this Act, unless sooner
4 revoked or cancelled. [In the event the grantee fails to operate
5 continuously for two (2) years from the effectivity of this
6 franchise or anytime thereafter, this franchise shall be deemed
7 *ipso facto* revoked.] THIS FRANCHISE SHALL BE DEEMED *IPSO*
8 *FACTO* REVOKED IN THE EVENT THE GRANTEE FAILS TO
9 OPERATE CONTINUOUSLY FOR TWO (2) YEARS.

10 “SEC. 7. *ACCEPTANCE AND COMPLIANCE.* –
11 ACCEPTANCE OF THIS NEW FRANCHISE SHALL BE GIVEN IN
12 WRITING TO THE CONGRESS OF THE PHILIPPINES, THROUGH
13 THE COMMITTEE ON LEGISLATIVE FRANCHISES OF THE
14 HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON
15 PUBLIC SERVICES OF THE SENATE, WITHIN SIXTY (60) DAYS
16 FROM THE EFFECTIVITY OF THIS ACT. UPON GIVING SUCH
17 ACCEPTANCE, THE GRANTEE SHALL EXERCISE THE PRIVILEGES
18 GRANTED UNDER THIS ACT. NONACCEPTANCE SHALL RENDER
19 THE FRANCHISE VOID.

20 “SEC. 8. [*Public Ownership*] *DISPERSAL OF OWNERSHIP.*
21 – [In compliance with the constitutional mandate to democratize
22 ownership of public utilities, the herein grantee shall make
23 public offering through the stock exchanges of at least thirty
24 percent (30%) of its common stocks within a period of three (3)
25 years from the date of effectivity of this Act: *Provided*, That no
26 single person or entity shall be allowed to own more than five
27 percent (5%) of the stock offerings.] IN ACCORDANCE WITH

1 THE CONSTITUTIONAL PROVISION TO ENCOURAGE PUBLIC
2 PARTICIPATION IN PUBLIC UTILITIES, THE GRANTEE SHALL
3 OFFER TO FILIPINO CITIZENS AT LEAST THIRTY PERCENT
4 (30%) OR A HIGHER PERCENTAGE THAT MAY HEREAFTER BE
5 PROVIDED BY LAW OF ITS OUTSTANDING CAPITAL STOCK IN
6 ANY SECURITIES EXCHANGE IN THE PHILIPPINES WITHIN FIVE
7 (5) YEARS FROM THE COMMENCEMENT OF ITS OPERATIONS:
8 *PROVIDED, THAT IN CASES WHERE PUBLIC OFFER OF SHARES IS*
9 *NOT APPLICABLE, THE GRANTEE SHALL APPLY OTHER*
10 *METHODS OF ENCOURAGING PUBLIC PARTICIPATION BY*
11 *CITIZENS AND CORPORATIONS OPERATING PUBLIC UTILITIES*
12 *AS ALLOWED BY LAW. NONCOMPLIANCE THEREWITH SHALL*
13 *RENDER THE FRANCHISE IPSO FACTO REVOKED.*

14 "SEC. 9. *Tax Provisions.* - The grantee, its successors
15 or assigns shall be liable to pay the same taxes on their real
16 estate, buildings and personal property, exclusive of this
17 franchise, as other persons or corporations are now or hereafter
18 may be required by law to pay. In addition thereto, the grantee,
19 its successors or assigns shall pay a franchise tax equivalent to
20 five percent (5%) of all gross receipts of the television business
21 transacted under this franchise by the grantee, its successors or
22 assigns and the said percentage shall be in lieu of all taxes on
23 this franchise or earnings thereof: *Provided, That the grantee, its*
24 *successors or assigns shall continue to be liable for income taxes*
25 *payable under Title II of the National Internal Revenue Code*
26 *pursuant to Section 2 of Executive Order No. 72 unless the latter*
27 *enactment is amended or repealed, in which case the amendment*
28 *or repeal shall be applicable thereto.*

1 “The grantee shall file the return with and pay the tax due
2 thereon to the Commissioner of Internal Revenue or his duly
3 authorized representative in accordance with the National
4 Internal Revenue Code. The return shall be subject to audit by
5 the Bureau of Internal Revenue.]

6 “SEC. [10]9. *Reportorial Requirement.* – The grantee
7 shall submit an annual report to the Congress of the Philippines,
8 THROUGH THE COMMITTEE ON LEGISLATIVE FRANCHISES OF
9 THE HOUSE OF REPRESENTATIVES AND THE COMMITTEE ON
10 PUBLIC SERVICES OF THE SENATE, on its compliance with the
11 terms and conditions of the franchise and on its operations
12 [within sixty (60) days from the end of every year] ON OR
13 BEFORE APRIL 30 OF EVERY YEAR DURING THE TERM OF ITS
14 FRANCHISE. THE REPORTORIAL COMPLIANCE CERTIFICATE
15 ISSUED BY CONGRESS SHALL BE REQUIRED BEFORE ANY
16 APPLICATION FOR PERMIT OR CERTIFICATE IS ACCEPTED BY
17 THE NTC.

18 “SEC. [11]10. *Self-regulation by and Undertaking of*
19 *Grantee.* – The grantee shall not require any previous
20 censorship of any speech, play, act or scene, or other matter to
21 be broadcast and/or telecast from its stations; but if any such
22 speech, play, act or scene, or other matter should constitute a
23 violation of the law or infringement of a private right, the
24 grantee shall be free from any liability, civil or criminal, for such
25 speech, play, act or scene, or other matter: *Provided,* That the
26 grantee, during any broadcast and/or telecast, shall cut off from
27 the air the speech, play, act or scene, or other matter being
28 broadcast/telecast if the tendency thereof is to promote and/or

1 incite treason, rebellion or sedition, or the language used therein
2 or the theme thereof is indecent or immoral[; and]: *PROVIDED*,
3 *FURTHER*, THAT willful failure to do so shall constitute a valid
4 cause for the REVOCATION AND cancellation of this franchise.

5 "SEC. [12]11. *Warranty in Favor of National and Local*
6 *Governments*. – The grantee shall hold the national, provincial,
7 CITY, and municipal governments of the Philippines [harmless]
8 FREE from all claims, accounts, demands or actions arising out
9 of accidents, [or injuries, whether to property or to persons,
10 caused by] CAUSING INJURY TO PERSONS OR DAMAGE TO
11 PROPERTIES, DURING the construction or operation of the
12 stations of the grantee.

13 "SEC. [13]12. *Sale, Lease, Transfer, Usufruct[, etc.] OR*
14 *ASSIGNMENT OF FRANCHISE*. – The grantee shall not SELL,
15 lease, transfer, grant the usufruct of[, sell or] NOR assign this
16 franchise [nor] OR the rights and privileges acquired thereunder
17 to any person, firm, company, corporation or OTHER
18 COMMERCIAL OR LEGAL entity, nor merge with any other
19 corporation or entity without the prior approval of the Congress
20 of the Philippines. Neither shall the controlling interest in the
21 grantee be transferred, whether as a whole or in part[s], and
22 whether simultaneously or contemporaneously, to any such
23 private person, firm, company, corporation or entity without the
24 prior approval of the Congress of the Philippines[.]: *PROVIDED*,
25 THAT CONGRESS SHALL BE INFORMED OF ANY SALE, LEASE,
26 TRANSFER, GRANT OF USUFRUCT, OR ASSIGNMENT OF
27 FRANCHISE OR THE RIGHTS AND PRIVILEGES ACQUIRED

1 THEREUNDER, OR OF THE MERGER OR TRANSFER OF THE
2 CONTROLLING INTEREST OF THE GRANTEE, WITHIN SIXTY (60)
3 DAYS AFTER THE COMPLETION OF SAID TRANSACTION:
4 **PROVIDED, FURTHER, THAT FAILURE TO REPORT TO**
5 **CONGRESS SUCH CHANGE OF OWNERSHIP SHALL RENDER THE**
6 **FRANCHISE *IPSO FACTO* REVOKED: *PROVIDED, FINALLY, THAT***
7 **[A]any person or entity to which this franchise is validly sold,**
8 **transferred or assigned shall be subject to all the same**
9 **conditions, terms, restrictions and limitations of this Act.**

10 “SEC. [14]13. *General Broadcast Policy.* – The grantee
11 shall comply with and be subject to the provisions of a general
12 broadcast policy law, [that] WHICH CONGRESS may hereafter
13 [be] enact[ed].

14 “SEC. 14. *EQUALITY CLAUSE.* – EXCEPT FOR TAXES
15 AND CUSTOMS DUTIES, ANY ADVANTAGE, FAVOR, PRIVILEGE,
16 EXEMPTION, OR IMMUNITY GRANTED UNDER EXISTING
17 FRANCHISES, OR WHICH MAY HEREAFTER BE GRANTED FOR
18 RADIO AND/OR TELEVISION BROADCASTING, UPON PRIOR
19 REVIEW AND APPROVAL OF CONGRESS, SHALL BECOME PART
20 OF THIS FRANCHISE AND SHALL BE ACCORDED IMMEDIATELY
21 AND UNCONDITIONALLY TO THE HEREIN GRANTEE:
22 **PROVIDED, THAT THE FOREGOING SHALL NEITHER APPLY TO**
23 **NOR AFFECT THE PROVISIONS OF BROADCASTING FRANCHISES**
24 **CONCERNING TERRITORY COVERED BY THE FRANCHISE, THE**
25 **LIFE SPAN OF THE FRANCHISE, OR THE TYPE OF SERVICE**
26 ***AUTHORIZED BY THE FRANCHISE.**

27 “SEC. [16]15. *Repealability and Non-exclusivity Clause.*
28 – This franchise shall be subject to amendment, alteration, or

1 repeal by the Congress of the Philippines when the public
2 interest so requires and shall not be interpreted as an exclusive
3 grant of the privileges herein provided for.

4 "ALL OTHER LAWS, ORDERS, ISSUANCES, RULES AND
5 REGULATIONS OR PARTS THEREOF INCONSISTENT WITH THIS
6 ACT ARE HEREBY REPEALED, AMENDED OR MODIFIED
7 ACCORDINGLY.

8 "SEC. [15]16. *Separability Clause.* - If any [of the]
9 section[s] or provision[s] of this Act is held invalid, all the other
10 provisions not affected thereby shall remain valid."

11 SEC. 2. *Effectivity.* - This Act shall take effect fifteen (15) days after
12 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

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