

[REPUBLIC ACT NO. 7860, January 21, 1995]

AN ACT GRANTING CAGAYAN SATELLITE PROGRAM NETWORK, INC., A FRANCHISE TO CONSTRUCT, INSTALL, MAINTAIN AND OPERATE FOR COMMERCIAL PURPOSES RADIO AND TELEVISION BROADCASTING STATIONS IN LUZON 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 Cagayan Satellite Program 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 and television broadcasting stations in Luzon with the corresponding technological auxiliaries or facilities, special broadcast and other program and distribution services and relay stations.

SEC. 2. *Manner of Operation of Stations or Facilities.* - The stations or facilities of the grantee shall be so constructed and operated in a manner as will avoid interference on the wavelengths or frequencies of the other authorized users whether for broadcasting or telecommunications purposes without in any way diminishing its own right to use its selected wavelengths or frequencies and the quality of transmission or reception signals.

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 adequate 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 the Government.* - A special right is 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, 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 effectivity of this Act, unless sooner revoked or cancelled. In the event the grantee fails to operate continuously for two (2) years or within two (2) years from the approval of its permit by the National Telecommunications Commission, this franchise shall be deemed *ipso facto* revoked.

SEC. 7. *Acceptance and Compliance*. - Acceptance of this franchise shall be given in writing to the Secretary of Transportation and Communications with a copy furnished to the Chairman of the National Telecommunications Commission 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 periods 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/television business transacted under this franchise: *Provided*, That the grantee, its successors or assigns, shall continue to be liable for income taxes payable under Title 11 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. *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: *Provided*, That the grantee, during any broadcast and/or 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,