

REPUBLIC ACT NO. 7723

AN ACT GRANTING THE DELTA BROADCASTING SYSTEM,
INC., A FRANCHISE TO ESTABLISH, MAINTAIN AND
OPERATE RADIO AND TELEVISION BROADCASTING
STATIONS WITHIN 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 Delta Broadcasting System, Inc., its successors or assigns and hereunder referred to as the grantee, a franchise to construct, establish, maintain and operate, for commercial purposes and in the public interest, radio and television broadcasting stations in the Philippines with the corresponding technological auxiliary equipment, special broadcast, and other broadcast distribution services and relay stations.

SEC. 2. *Right of the Government.* – The President of the Philippines in times of war, rebellion, public peril, calamity, emergency, disaster, or disturbance of peace and order, may temporarily take over and operate the said stations of the grantee, temporarily suspend the operations 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. 3. *Term of Franchise.* – This franchise shall be for a term of twenty-five (25) years from the date the first of said stations shall be placed in operation, and is granted upon the express condition that the same shall be void unless the

construction of said stations be begun within two (2) years from the date of the approval of this Act and be completed within five (5) years from such date.

SEC. 4. *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. 5. *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 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 of signals.

SEC. 6. *Warranty in Favor of the National and Local Governments.* – The grantee shall hold the national, provincial, city, 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 grantee.

SEC. 7. *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 public interest; or to incite, encourage, or assist in subversive or treasonable acts.

SEC. 8. *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 the approval of this Act. Upon giving such acceptance, the grantee shall exercise the privileges granted under this Act.

SEC. 9. *Sale, Lease, Transfer, Usufruct, etc.* – The grantee shall not lease, transfer, grant the usufruct of, sell or assign this franchise, nor the rights or privileges acquired thereunder to any person, firm, company, partnership, corporation or other commercial or legal entity, nor merge with any other person, firm, company, partnership or corporation not otherwise enfranchised for broadcasting services without the prior approval of the Congress of the Philippines. The controlling interest in the grantee shall not be transferred, assigned nor sold whether as a whole or in parts and whether simultaneously or contemporaneously within five (5) years from the date of the effectivity of this Act. Any corporation to which this franchise may be sold, transferred, or assigned shall be subject to the corporation laws of the Philippines now existing or hereafter enacted, and any person, firm, company, partnership, corporation or other commercial or legal entity to which this franchise is sold, transferred, or assigned shall be subject to all conditions, terms, restrictions, and limitations of this franchise as fully and completely and to the same extent as if the franchise had been originally granted to the said person, firm, company, partnership, corporation or other commercial or legal entity.

SEC. 10. *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. 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. 11. *Self-regulation by and Undertaking of the Grantee.* – The grantee shall not require any prior censorship in any speech, play, act or scene or other matter to be broadcast or telecast from its stations: *Provided*, That the grantee during any broadcast or telecast may cut off from the air any speech, play, act or scene or other matter being broadcast or telecast if the tendency thereof is to propose and/or incite treason, rebellion or sedition or the language used therein is indecent or immoral, and willful failure to do so shall constitute a valid cause for the cancellation of this franchise.

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. *Repealability and Nonexclusivity Clauses.* – This franchise shall be subject to amendment, alteration or repeal by the Congress of the Philippines when the public interest so requires. This franchise shall not be interpreted to mean as an exclusive grant of the privileges herein provided for.

SEC. 14. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) national newspapers of general circulation in the Philippines.

Approved, May 19, 1994.