

(S. B. 1333)

(No. 28-2016)

(Approved April 8, 2016)

AN ACT

To amend Section 6.1 of Act No. 27-2011, as amended, known as the “Puerto Rico Film Industry Economic Incentives Act,” in order to designate the Autonomous Municipality of Cabo Rojo as a Film Development Zone; provide for the objectives of such designation; and for other purposes.

STATEMENT OF MOTIVES

Puerto Rico needs to generate new sources of economic activity. The economic crisis, the lack of jobs, as well as the close-down of factories and companies attest to this reality. For decades, Puerto Rico has depended on tourism and the construction industry to create a considerable number of jobs. However, the economic crisis has revealed that there is a large inventory of real properties in Puerto Rico that have yet to be sold and/or leased, thus compelling the Government to find solutions to provide this economic sector with assistance and benefits. It is imperative to find new sources of economic activity geared to create jobs and promote an economically productive Puerto Rico.

In the past, the pharmaceutical, electronics, and textile industries of the Autonomous Municipality of Cabo Rojo were comprised by solid companies, such as Johnson & Johnson’s Lifescan and Eaton-Cutler & Hammer, among others, which operated in said municipality. At present, they have all ceased operations. This situation has caused a spike in the unemployment rate, a significant reduction in the municipal revenues, and a reduction in the food economy that is so distinctive of this town.

On the other hand, Cabo Rojo has modern industrial buildings that are not being used, which would be suitable for the establishment of Studios, Large-Scale Studios, laboratories, and project administrative offices. The natural setting of this town is also practical and convenient. Cabo Rojo is known for its beautiful beaches, lighthouse, mountains, caves, ruins, farms, and villages (poblado), among others. Designating the Municipality of Cabo Rojo as a “Film Development Zone” requires no initial investment and could create a variety of direct and indirect jobs in many sectors. Moreover, it would place Puerto Rico in a special and important position within the global film industry.

Furthermore, Cabo Rojo is located in a privileged geographical area, since it is part of the Porta del Sol Region. This region has hotels, excellent *paradores* (small inns), and four national parks, to wit, Dr. Juan A. Rivero Mayagüez Zoo, Boquerón Public Beach, Añasco Public Beach, and Monte del Estado Cabanas. Some other nearby attractions are the Rafael Hernández International Airport in Aguadilla, the Eugenio María de Hostos Regional Airport, a Port for cruise ships and commercial freight in Mayagüez, as well as five forests: Guánica State Forest UNESCO-designated World Biosphere Reserve (the second in Puerto Rico), the Susúa State Forest in Sábana Grande, the Boquerón Wildlife Refuge in Cabo Rojo, the Monte del Estado Maricao State Forest, and the Guajataca State Forest in Isabela and Quebradillas. In addition, the Porta del Sol Region has many beaches, lakes, lagoons, a bioluminescent bay, and historical zones such as the lighthouses in Cabo Rojo, Rincón, and Aguadilla, as well as Isla de Mona.

This industry would create permanent jobs in Cabo Rojo and adjacent towns, especially those that comprise the Porta del Sol Region, in the construction sector, not only for refurbishing or building new and modern facilities, but also for producing projects. Puerto Rican actors, directors, screenwriters, sound engineers, cameramen, editors, producers, production assistants, talent agencies, clerks, music

arrangers, accountants, physicians, engineers, architects, lawyers, nurses, electricians, plumbers, makeup artists, stunts, extras, gaffers, props master, wardrobe staff, designers, cooks, artists, pilots, maintenance and security personnel, among others, are closely related to movie production. Moreover, it would also promote the creation of new gyms, restaurants, supermarkets, hotels, shops, hardware stores, hospitals, and pharmacies, in addition to all that is necessary for the postproduction and distribution of the film project. This industry shall also increase passenger traffic at the airports and ports available in the Porta del Sol area.

Upon the approval of Act No. 27-2011, as amended, better known as the “Puerto Rico Film Industry Economic Incentives Act,” the film industry in Puerto Rico has shown a significant growth in recent years, significantly contributing to the economic activity, including the creation of thousands of jobs. Among the film projects conducted in the Island by major production companies are: Universal Pictures Fast Five, Walt Disney Pictures Pirates of the Caribbean 4, and Warner Brothers The Losers, to name a few. These productions generated a \$43 million investment in the local economy, created more than 19,841 direct and indirect jobs, and reportedly occupied 22,671 hotel rooms per night. Some of the most recent productions filmed in Puerto Rico are: 20th Century Fox Runner, Runner, Columbia Pictures 22 Jump Street, and the NBC-Universal television series Crossbones. It should be noted that the latter was filmed in its entirety in the facilities of the former Roosevelt Roads Naval Station in Ceiba, and created over 1,500 direct and indirect jobs, and more than \$29.4 million to the local economy.

At present, only the Autonomous Municipality of San Juan is designated as a “Film Development Zone.” With the designation of this new zone, the offer for future film projects to choose Puerto Rico as the place for their production and filming becomes more attractive. In this manner, regardless of the filming location or setting, there shall also be available a nearby place in the North and Southeast of

the Island where any necessary postproduction technical work may be conducted. These zones, together with the incentives provided by Act No. 27-2011, *supra*, for Infrastructure Projects are the perfect complement for the creation of Studios, Large-Scale Studios, laboratories, and other important elements for the film industry that are not available in Puerto Rico.

It is important to begin thinking big and take forefront measures in search for new and better opportunities for the benefit of all Puerto Ricans. This proposal not only provides assistance to the economic activity of the tourist and construction sectors, but also proves our ability to create, dream, and aspire to a new and prosperous Puerto Rico.

In view of the economic situation that is undermining Puerto Rico, this Legislative Assembly recognizes the Island's potential thanks to a stable climate, excellent human resources, modern roadways that in a short time provide access to a variety of places, beaches, forests, and rivers, which undoubtedly renders it the ideal place for the promotion and development of a solid and flourishing film industry.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Section 6.1 of Act No. 27-2011, as amended, known as the "Puerto Rico Film Industry Economic Incentives Act," is hereby amended to read as follows:

"Section 6.1.- Establishment.-

(a) The Secretary of Development shall designate parcels of land (contiguous or noncontiguous) as 'Film Development Zones.' Such geographical areas shall consist of real property for the development, construction, and operation of Large-Scale Studios and other related developments consistent with the purposes and the provisions of this Act, regardless of who is the owner of such property. In those cases where the owner of a parcel is a private person or municipality, a Film

Development Zone shall only be designated as such with the consent of such landowner or municipality.

Notwithstanding the above paragraph, a ‘Film Development Zone’ is hereby established in the Autonomous Municipality of San Juan. Said Film Development Zone shall consist of those parcels of land (contiguous or non-contiguous) designated by the Autonomous Municipality of San Juan and notified to the Secretary of Development. The applicability of subsections (b) through (h) of this Section 6.1 shall be subject to the consent of the Autonomous Municipality of San Juan.

In addition to the aforementioned provisions, a Film Development Zone is hereby established in the Autonomous Municipality of Cabo Rojo. Said Film Development Zone shall consist of those parcels of land (contiguous or non-contiguous) designated by the Autonomous Municipality of Cabo Rojo and notified to the Secretary of Development. The applicability of subsections (b) through (h) of this Section 6.1 shall be subject to the consent of the Autonomous Municipality of Cabo Rojo.

(b) ...
...”

Section 2.- Objectives of the Designation of the Autonomous Municipality of Cabo Rojo as a “Film Development Zone.”

It is hereby provided that in any plan or improvement to be projected or that has been projected for this Film Development Zone, the potential of the film industry shall be promoted and developed as an industry that is mindful of the environmental value and natural surroundings that are unique to this region of Puerto Rico. The Autonomous Municipality of Cabo Rojo is hereby directed to submit a report to the Secretary of the Department of Economic Development and Commerce including an inventory of the structures and properties available for the establishment of

Studios, Large-Scale Studios, laboratories, or any other that is of interest for the development of a Film Project, within one hundred twenty (120) days as of the approval of this Act.

Section 3.- Severability

If any part, sentence, or section of this Act were held to be unconstitutional by a competent Court, the effect of such holding shall be limited to the part, sentence, or section thus held to be unconstitutional, and shall not invalidate the remaining provisions of this Act.

Section 4.- Effectiveness

This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 28-2016 (S. B. 1333)** of the **7th Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to amend Section 6.1 of Act No. 27-2011, as amended, known as the “Puerto Rico Film Industry Economic Incentives Act,” in order to designate the Autonomous Municipality of Cabo Rojo as a Film Development Zone; provide for the objectives of such designation; and for other purposes.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 19th day of October, 2017.

Orlando Pagán-Ramírez
Acting Director