

(H. B. 1898)  
(Conference)

**(No. 171-2014)**

(Approved October 2, 2014)

## **AN ACT**

To establish the Film Industry Development Program, the Youth Development Program, and the Puerto Rico Workforce Development and Training Program within the Department of Economic Development and Commerce; establish the functions, duties, and powers of the Secretary of Economic Development and Commerce with respect to the Programs; provide for the transfer of employees and property to the Department of Economic Development and Commerce; provide for an orderly transition process; Section 3 [sic], add new subsections (s), (t), (u), and (v) to Section 4, and amend Section 5 of Reorganization Plan No. 4-1994, as amended; amend Section 1 of Act No. 15 of April 14, 1931, as amended, known as the “Organic Act of the Department of Labor and Human Resources”; repeal and leave vacant Section 10 of Reorganization Plan 4-1994, as amended; repeal Act No. 121-2001, as amended; repeal Act No. 34 of July 13, 1978, as amended, known as the “Office of Youth Affairs Act”; repeal Act No. 97-1991, as amended, known as the “Puerto Rico Workforce Development and Training System Act”; and for other related purposes.

### **STATEMENT OF MOTIVES**

Section 16 of Article III of the Constitution of the Commonwealth of Puerto Rico empowers the Legislative Assembly to create, consolidate or reorganize executive departments and to define their functions. This is the power to configure the structure of every government agency entrusted with administering public resources and providing services to all citizens. The manner in which each agency, administration, instrumentality, or public corporation is configured, in regard to the way it works and operates, determines the success or failure of the public policies that justified its creation in the first place. Therefore, neither the Judicial Branch nor

the Executive Branch may limit the Legislative Assembly's inherited authority to restructure the agencies, public corporations, and entities or instrumentalities of the government of the Commonwealth of Puerto Rico and, thus, their workforce. In fact, in *Díaz Carrasquillo v. García Padilla*, No. 13-2277 of April 16, 2014, citing the United States Supreme Court in *Butler v. Pennsylvania*, 51 U.S. 402, 416-17 (1850) the United States Court of Appeals for the First Circuit recently held that: "[I]n every perfect or competent government, there must exist a general power to enact and repeal laws; and to create and change or discontinue, the agents designated for the execution of those laws."

The new global economy demands a flexible and efficient government structure in order to be competitive. It is essential to organize the government in a way that responds to this new reality and for said government to act in a coordinated and concerted manner so that every action or proposal is consistent and not fragmented. Bearing this objective in mind, we have carefully studied each agency's purpose and the lawmakers' intent at the time of its creation. As a result, we made the decision to merge several agencies that were similar or shared goals. This allows us to optimize those synergies that may arise as well as redirect any savings achieved during this process.

At present, Puerto Rico's Central Government is composed of more than one hundred twenty (120) agencies, public corporations, and government entities. For such reason, we shall continue to modernize our government structure. This is achieved through, among other things, the adoption of measures that reduce government spending and maximize efficiency in the use of available resources while continuously and efficiently enforcing the established public policy. Thus, it is essential to adopt measures directed at integrating government functions and preventing the duplication of work thus promoting efficiency in the use of available resources without affecting the rendering of public services.

The Department of Economic Development and Commerce, hereinafter the “DDEC” (Spanish acronym), is the agency responsible for promoting and furthering economic activity and development in Puerto Rico. Furthermore, pursuant to Section 1 of Reorganization Plan No. 4 of 1994, this Department plays a leading role in the implementation of economic development strategies and serves as a coordinator among its components.

Act No. 121-2001 created the Puerto Rico Motion Picture, Arts, Sciences, and Industry Development Corporation in response to the need to develop the film industry in Puerto Rico to promote the development of productions of the caliber of good world cinema, directed at both the local and the international markets, and grant the incentives necessary to stimulate the development and expansion of film productions on the Island. In fact, the Corporation is currently within the DDEC, therefore, its transfer to this department is a logical step in the restructuring of our government. Likewise, pursuant to the provisions of Act No. 27-2011, known as the “Puerto Rico Film Industry Economic Incentives Act,” the Secretary of the DDEC is the person responsible for issuing grants to obtain the benefits of such Act, administering the special fund created therein which, among other things, promotes the development of the film industry, and granting numerous benefits or credits. The foregoing further supports the transfer of the Corporation by positioning it as a program within the Department.

Furthermore, Act No. 34 of July 13, 1978, as amended, created the Office of Youth Affairs (OYA) within the Office of the Governor which is responsible for promoting youth training, employment, recreation, and spiritual recreation. Since then, the Government has acknowledged the need to put forth coordinated and comprehensive efforts towards our youth due to the size of this population group and the role youths play in shaping the future of our Island. History has shown the importance of providing our youths with a solid education and allowing them to take

part in our economic development through programs and projects geared towards that purpose. Consistent with the foregoing, programs such as the Microbusinesses and Juvempleo programs have been created, both of which are managed by OYA.

Likewise, there is no doubt that incorporating the Microbusinesses and Juvempleo programs into the DDEC shall further promote the success of both the programs and the Department itself in the discharge of its duties. Consequently, merging the Office of Youth Affairs with the Department, as a program, is a natural step.

Lastly, the main purpose of the Workforce Development Administration (WDA), created by virtue of Act No. 97-1991, is to foster and develop the talents of our workforce thus promoting our competitiveness in the global economy through investment in education and training; promote the flexibility and diversification of the occupational training offerings to adjust them according to changes in the economy, in-demand careers, advances in knowledge and technology, interest groups, and specific clientele; implement innovative occupational training models that incorporate the private and public sectors as partners or customers; promote and support strategies for job creation; promote employment and establish hiring processes; retrain youths and adults so they may develop the necessary skills to find a new job or improve at the one they already have; promote entrepreneurial initiatives for adults, youths, or displaced workers, and rescue youths who have dropped out of school by integrating them into the workforce. It also has the duty to administer the federal funds the Commonwealth of Puerto Rico receives by virtue of Public Law No. 105-220, known as the Workforce Investment Act (WIA).

An analysis of the public policy enforced by the Workforce Development Administration revealed that it promoted the training of our workforce to further socioeconomic development. Meanwhile, the DDEC is the agency in charge of

promoting and driving economic activity and development. Therefore, the proposed merger is a natural step and consistent with Department's mission.

Taking into account the duties, purposes, and vision of the Motion Picture, Arts, Sciences, and Industry Development Corporation; the Office of Youth Affairs; and the Workforce Development Administration, this legislative Assembly deems it a logical step to merge these entities into the Department of Economic Development and Commerce. As a result of the fiscal crisis that is currently affecting us, we are forced to merge the administrative duties and auxiliary services they have in common with the duties of the DDEC. The ultimate goal of this merger is to optimize the effectiveness and efficiency of the government's work as well as to streamline the processes for the rendering of services. Furthermore, the proposed merger allows for the maximization of the resources available.

In light of the foregoing, this Legislative Assembly approves this Act as part of a government transformation and restructuring process directed at achieving a more streamlined government, greater cost-efficiency, reducing public spending and improving the quality of the services our government entities render to Puerto Rico's citizens. This Act shall promote a government structure that is consistent with the needs and actual resources available in Puerto Rico which shall help improve the quality of life of our residents as well as the services rendered to them through a strategic allocation of resources.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

CHAPTER 1- Film Industry Development Program

Section 1.- Film Industry Development Program Creation

The Film Industry Development Program is hereby created as an integral part of the structure of the Department of Economic Development and Commerce. The Program shall promote the development of Puerto Rican productions of the caliber of good world cinema and directed at both the domestic and international markets.

Likewise, it shall provide the necessary incentives to further the development and expansion of film productions on the Island and ensure the effectiveness of digital art as a cultural and creative industry with significant economic, social, and educational impact.

Section 2.- Definitions Relating to the Film Industry Development Program.

The following phrases and terms shall have the meanings stated hereinbelow:

(a) Arts, sciences, and film industries - means any artistic and technological activity relating to the production of films for all current and future distribution platforms.

(b) Fund - means the Special Fund for the Development of the Puerto Rico Film Industry created under Section 6 of this Act.

(c) Films - means a narrated story, fiction, documentary, or animation, filmed in a current format, such as celluloid or digital film, photographs, slides, filmstrips, photographic film, and other current or future audiovisual formats.

(d) Government body - means any department, agency, division, public corporation, political subdivision, or any other instrumentality of the Government of the Commonwealth of Puerto Rico.

(e) Film Development Zones - means the geographical areas established pursuant to the Puerto Rico Film Industry Economic Incentives Act.

(f) Puerto Rican Films or National Films - shall be interchangeable terms. For the purposes of this Act, they mean Puerto Rican or national films that are eligible for the benefits of the Fund. Films produced by natural or juridical persons legally domiciled in Puerto Rico, and whose Producer and Director, or Producer and Screenwriter, or all three, and an actor or actress in a leading role are residents of Puerto Rico.

(g) Minority Co-production Puerto Rican Film - A Puerto Rican film in which the percentage of the technical/creative staff and financing varies between a maximum of thirty percent (30%) and a minimum of ten percent (10%). The contribution of creative and technical personnel and actors of each co-producer country shall be proportional to their investment.

Section 3.- Powers and Duties of the Secretary of Economic Development and Commerce in Connection with the Film Industry Development Program.

The Secretary of Economic Development and Commerce shall provide the administrative and fiscal support necessary for the operation of the Film Industry Development Program. The Secretary of Economic Development and Commerce shall oversee the operation of the Program, determine its internal organization, and be empowered to adopt bylaws establishing the criteria and rules which shall govern the operations thereof. For such purposes, the Secretary shall designate an official holding a position of trust to assist him or her in the execution and implementation of the Program. Said official may be an Assistant Secretary or any other management official. However, the Secretary's appointing and rulemaking authorities shall not be delegated to such official.

An Advisory Council is hereby created to be composed of five (5) members *ad honorem*. The Advisory Council shall be composed of three (3) *bona fide* Puerto Rican filmmakers, nominated by Puerto Rican trade associations, with proven cultural commitment, knowledge, and experience in the film industry; an attorney; and a person designated by the Secretary. The Advisory Council shall formulate a strategic plan to develop, strengthen, and boost the Puerto Rican film industry and shall collaborate in the adoption of regulations which contain the criteria and rules that shall govern the Fund. The term of office of the Council members shall be one (1) year and may only be reelected for an additional term of one (1) year.

At least once a year, the Secretary shall convene two (2) Advisory Boards *ad honorem*, one for the selection of documentary projects and another for the selection of fiction and animation projects. Each Advisory Board shall be composed of three (3) members. The members of each Advisory Board shall be international or Puerto Rican film professors and international or Puerto Rican bona fide filmmakers, all of proven cultural commitment, knowledge, and experience in the film industry. The duty of the members of the Advisory Board shall end once the projects to be financed by the Fund have been selected.

Section 4.- Powers and Responsibilities of the Department of Economic Development and Commerce for the Purposes of the Film Industry Development Program.

In addition to the powers and authorities delegated thereto by its organic act or any other law, the Department of Economic Development and Commerce shall have the following duties and authorities with regards to the Film Industry Development Program:

(a) To promote the dissemination of the arts, sciences, and film industry as well as the audiovisual arts in Puerto Rico in all of their stages.

(b) To support the development of Puerto Rican films by creating new financing alternatives, as well as through the Fund, thus subsidizing Puerto Rican film productions at all stages with special attention given to projects conceived and developed by Puerto Rican filmmakers.

(c) To enter into agreements with the Puerto Rican Industries Program of the Industrial Development Company, the Public Broadcasting Corporation for Puerto Rico, the Department of Education, the Institute of Puerto Rican Culture, and the Puerto Rican Tourism Company to coordinate the promotion, marketing, and distribution of Puerto Rican film productions.

(d) To provide government bodies with guidance concerning the educational work performed through Puerto Rican cinematography.

(e) To promote and offer incentives to as many high-caliber world cinema film productions as possible.

(f) To offer any other incentive that stimulates the development and dissemination of Puerto Rican film productions to wit: projects geared toward the betterment of industry professionals, audience development, and disseminating our Puerto Rico films.

(g) To apply new experimental film techniques and different film theories into movies promoted by the Program in the pursuit of authentic styles at an art and craft level.

(h) To explore and broaden the possibilities for the dissemination (promotion, distribution, and exhibition) of all types of films, in order to uplift Puerto Rican film tradition.

(i) To coordinate the duties of government bodies in the production of films for Puerto Rican cinema.

(j) To conduct research in the fields of arts, sciences and audiovisual techniques, and disclose the results thereof.

(k) To coordinate the active participation of film students with the universities of Puerto Rico, in order to include courses in film studies in their curriculum. Furthermore, it shall promote student participation in film productions to be used as workshops.

(l) To facilitate the production of educational films for the community to be featured in movie theaters.

(m) To inform and advise the Governor and the Legislative Assembly on the state, development, and quality of Puerto Rican film production.

(n) To promote the hiring of Puerto Rican artistic talent in the film productions funded by it.

(o) To promote the hiring of locally and internationally renowned actors, technicians, and other professionals related to film production in order to produce high quality films as well as provide our film industry professionals with the opportunity to gain experience by working with other experienced and renowned professionals.

(p) To stimulate the development of the media infrastructure needed to achieve the type of superior growth achieved by other jurisdictions.

(q) To enter into agreements with representatives of the various components of the Puerto Rican film industry including actor and technician unions, producer associations, and others.

(r) To offer logistical support to any other film project.

(s) To promote the public policy of the Puerto Rico Film Industry Economic Incentives Act and ensure that actions are taken as necessary for the promotion and development of the Film Development Zones.

(t) To exercise the powers and authorities granted under the Puerto Rico Film Industry Economic Incentives Act.

(u) To acquire, by lawful means, in order to achieve the goals and purposes of this Act, any real, personal, tangible, and intangible property, or any right or interest thereon; retain, maintain, use, or operate said property; and sell, lease, or otherwise dispose of such property.

(v) To receive and administer any gifts, grants, or donation of personal or real property to be devoted solely to achieve its purposes.

(w) To enter into and execute covenants, lease agreements, contracts, and other instruments necessary for or pertinent to the exercise of its powers and duties.

(x) To acquire by lawful means any property or interest thereon, including, but not limited to, the acquisition by purchase, lease, bequest, legacy or gift and possess, keep, use and operate such property or interest therein.

(y) To appoint and hire employees as are necessary for the proper operation of the Program.

(z) To create a database of arts and film production talent to be made available to any locally and internationally renowned individual or organization interested in producing film project, whether in Puerto Rico or abroad, using Puerto Rican human resources.

#### Section 5.- Annual Reports.

It shall be the duty of the Secretary of Economic Development and Commerce to submit annual reports to the Governor and the Legislative Assembly, within a period of ninety (90) days after the close of the fiscal year, which shall include:

(a) The total available funds, detailing their source, including those proceeding from gifts received and from the interest accrued on account of authorized investments made with the monies of the Fund.

(b) The financial support, tax credits, incentives, gifts, funding, and other incentives authorized and granted during the report period, including the names of the natural persons, nonprofit corporations, partnerships, associations, or groups to which they have been granted.

(c) A breakdown of the total investments made by the Fund during the Report period.

(d) The Fund balance available for the period immediately after the report period.

(e) The number of production proposals approved and those currently under consideration and evaluation for the report period.

(f) A detailed and updated list of the conducted transactions, including contracts, disbursements, and financial commitments assumed.

(g) An up-to-date status and progress report of all its activities.

(h) An up-to-date report detailing the total number of applications submitted and evaluated, as well as how many were funded or granted any other type of financial incentive. Said report shall include the total funding requested, the name of the individual or entity requesting funds, and the amount of funding provided as well as a statement on the income received as reimbursements made to the Fund from the films produced.

Section 6.- Creation of the Special Fund for the Puerto Rico Film Industry Development Program.

The Secretary of the Treasury is hereby authorized to create the Special Fund for the Puerto Rico Film Industry Development Program to deposit the following:

(a) The appropriations specifically made to the Fund by the Legislative Assembly by joint resolution or gift for the development and financing of any activity relating to the production of films.

(b) Gifts given by companies, groups, nonprofit institutions, partnerships, and corporate entities from the private sector, private citizens, as well as federal, state, and municipal government entities.

(c) The interest generated from investments made with monies from the Fund.

(d) The monthly appropriation of two hundred seventy thousand dollars (\$270,000) to be made by the Secretary of the Treasury in accordance with Section 4050.06 of Act No. 1-2011, as amended, known as the "Puerto Rico Internal Revenue Code of 2011."

(e) Any other revenues generated in accordance with the applicable legal provisions.

Provided, that the income of such Fund shall not be taken into account in determining the total annual income of the General Fund of the Government of the Commonwealth of Puerto Rico.

Provided, further, that the monies available in the Puerto Rico Motion Picture Industry, Arts, and Sciences, Development Corporation Fund created under Section 7.01 of Act No. 121-2001, as amended, shall be transferred to the new Fund created under this Act. In addition, it is hereby provided that the monies not used by the Program in any given Fiscal Year shall not revert to the General Fund.

Section 7.- Purposes of the Special Fund for the Puerto Rico Film Industry Development Program.

The Special Fund for the Puerto Rico Film Industry Development Program shall be used to finance, promote, develop, and stimulate any activity relating to national and international workshops, the production of national festivals, script writing and development, the production of Puerto Rican films for movie theaters, television, internet, alternative platforms or any digital media, post-production, musicalization, distribution, organization, and the participation of filmmakers in national and international festivals, in accordance with the conditions prescribed by the Secretary of Economic Development and Commerce through regulations in order to increase the production of Puerto Rican films and their audience at both the national and international level. The Secretary may grant other refundable benefits chargeable to this Fund or any other appropriation available thereto, directed at stimulating the production of Puerto Rican films for movie theaters or other platforms, as defined by regulations, to any natural or juridical person, nonprofit institution, corporation, partnership, or association, subject to the adopted regulations; provided, that it is not for private purposes or primarily used for political-partisan or sectarian advertising. Likewise, the Secretary shall, through regulations, provide funding to achieve the purposes of this Act equal to one hundred

percent (100%) of the production costs or up to five hundred thousand dollars (\$500,000), whichever is less.

#### Section 8.- Gifts.

For the purposes of this Act, it shall be deemed that a contributor, that is, an individual, a corporation, or an entity, has given a gift to the Fund if said contribution is made on or before the last day established by law as the close of the taxable year.

Any gifts made to the Fund may be claimed entirely as a deduction from the individual gross income or from the gross income of corporations or partnerships, as applicable, and without being subject to the provisions of subsection (a)(3) of Section 1033.15 of Act No. 1-2011, amended, known as the “Puerto Rico Internal Revenue Code of 2011.” Any individual, corporation, or partnership that claims this deduction shall include, with their income tax return, a certification issued by the Department of Economic Development and Commerce certifying that the gift was made.

#### Section 9.- Penalties.

(a) Any person who intentionally obtains or attempts to obtain any benefit, by claiming or pretending that he or she is in the position to influence, in any manner, an official or employee action, in the performance of his or her duties, to enforce the provisions of this Act, shall be guilty a felony and, upon conviction shall be punished by imprisonment for a fixed term of three (3) years; should there be any aggravating circumstances, the fixed penalty may be increased to a maximum of six (6) years; should there be any mitigating circumstances, the penalty may be decreased to a minimum of one (1) year. The court may impose restitution, in addition to imprisonment.

(b) Any official or employee called to enforce the provisions of this Act who, for personal financial gain or for the financial gain of others, intentionally or unlawfully uses any information or data obtained in his or her official capacity or

who willfully neglects to perform the functions, duties, or tasks of his or her office, shall be guilty of a felony and, upon conviction, shall be punished by imprisonment for a fixed term of three (3) years; should there be any aggravating circumstances, the fixed penalty may be increased to a maximum of six (6) years; should there be any mitigating circumstances, the penalty may be decreased to a minimum of one (1) year. The court may impose restitution, in addition to imprisonment.

#### Section 10.- Use of Commonwealth of Puerto Rico Property by the Film Industry

The agencies, instrumentalities, and public corporations of the Government of the Commonwealth of Puerto Rico or the municipal governments shall assign the use of their properties, free of charge, for the purpose of filming documentaries, commercials, and short and feature length commercial films. For such purposes, the Secretary of Economic Development and Commerce shall prescribe by regulations the procedure through which said assignments shall be made under reasonable terms and conditions. Provided, further, that such regulations shall provide that the Institute of Puerto Rican Culture shall be consulted in cases involving historical monuments. In such cases, the Institute of Puerto Rican Culture shall provide a timely and prompt response to the consultation. Upon authorization of property use, a public liability policy shall be required to cover any damage that may be caused to real or personal property during the filming process.

### CHAPTER II- Youth Development Program

#### Section 11.- Creation of the Youth Development Program

The Youth Development Program is hereby created as an integral part of the structure of the Department of Economic Development and Commerce. The Secretary of Economic Development and Commerce shall designate a Department official holding a position of trust to assist him or her in the execution and implementation of the Program. Said official may be an Assistant Secretary or any

other management official. However, the Secretary's appointing and rulemaking authorities shall not be delegated to such official.

Section 12.- Definitions Relating to the Youth Development Program.

The following phrases and terms shall have the meanings stated below:

(a) Youth - Shall mean any natural person recognized as such under Act No. 167-2003, as amended, known as the "Bill of Rights of Youths in Puerto Rico Act."

(b) Youths - Means the population group composed of natural persons who are recognized as such under Act No. 167-2003, as amended, known as the "Bill of Rights of Youths in Puerto Rico Act."

(c) Young persons - Shall have the same meaning as "Youths."

Section 13.- Authorities, Powers, and Responsibilities of the Secretary Relating to the Youth Development Program.

For the purposes of implementing the Youth Development Program, the Secretary of Economic Development and Commerce shall have the following authorities, powers, and responsibilities:

(a) To prepare, as a priority and in coordination with the government agencies concerned, organizations, and the private sector, an effective program to provide work and other development opportunities to unemployed youths.

(b) To establish mechanisms to select and refer youths for employment in the public and private sector with the participation of and in coordination with the Department of Labor and Human Resources.

(c) To evaluate government programs to determine their impact and effectiveness in addressing and solving youth issues and recommend appropriate corrective actions. It shall establish a center to collect, study, evaluate, analyze, and disclose statistical data about the different assistance, educational, orientation, and other programs administered by government agencies. In discharging his or her duties under this subsection, the Secretary shall give priority to government

programs directed at educating and training Puerto Rican youths to become entrepreneurs, and as a first step towards their full integration into the work force. In that regard, the Secretary shall prepare a statistical chart and conduct a study that thoroughly shows the government offerings to assist Puerto Rican youths to achieve a successful transition into entrepreneurship and the work force. The results of the efforts directed under this subsection shall be included in an annual report to be filed by the Secretary with the Legislative Assembly within ninety (90) days after the close of the fiscal year.

(d) To develop activities, participate in forums, and establish mechanisms and procedures to guarantee the rights of youths and achieve their full participation in the economic development of the Commonwealth of Puerto Rico.

(e) To promote the social development of our youths through activities directed at training them in matters of leadership, civic and community awareness, parliamentary procedures, public speaking, and any others geared to empowering youths in their academic and professional development and training.

(f) To establish mechanisms to improve coordination between the programs and projects of the various government agencies directed at Puerto Rican youths and submit recommendations to agencies that develop youth programs.

(g) To serve as liaison between the government agencies that provide youth services and develop youth programs.

(h) To promote an assessment of youth legislation in effect and support the measures he or she deems necessary and convenient to improve the conditions and opportunities for our youths at various stages.

(i) To promote the establishment and participation of youths in secular nonprofit organizations and the creation of new businesses.

(j) To offer incentives and support, and directly encourage both youths and private entities to promote empowerment, environmental and social responsibility, training, and entrepreneurship among youths.

(k) To take any actions as are necessary with the Government of the United States to increase federal funding specifically directed to youths.

(l) To promote centers that provide youths with interactive information about jobs, education, and recreation.

(m) To promote the offering of incentives for employers that hire youths who are students.

(n) To raise youth awareness of the need to protect our environment as part of the Island's sustainable economic development and promote youth participation in reforestation programs across Puerto Rico.

(o) To form consortia and enter into agreements with other countries so that youths may acquire skills in different professional fields such as commerce, entrepreneurship, tourism, and languages at an international level.

(p) To foster, facilitate, and support the creation of youth cooperatives in schools, public housing projects, special communities, and community sectors of the Island. This duty shall be discharged in coordination with the Puerto Rico Cooperative Development Commission and the League of Cooperatives of Puerto Rico.

(q) To serve as representative and enable youth participation in international bodies.

(r) To prepare and adopt guidelines to coordinate and guide government bodies in the formulation and implementation of youth programs and projects.

(s) To administer and manage the Juvempleo Program and its components, the Microbusiness Program, as well as any other program managed or administered by the Office of Youth Affairs prior to the approval of this Act.

(t) To establish systems and procedures to assess the effectiveness of government programs in addressing youth issues and needs.

(u) To enter into collaboration agreements with the Department of Corrections and Rehabilitation that allow youths committed to juvenile facilities to participate in services, programs, and events, as deemed appropriate, to promote their rehabilitation, except for the Student Travel Program, created by Act No. 32 of June 23, 1985, as amended, known as the "Student Travel Act." Provided that, in order to ensure the effective implementation of this subsection, the Secretary of Economic Development and Commerce in conjunction with the Secretary of the Department of Corrections and Rehabilitation shall adopt regulations as are necessary to establish the rules and procedures applicable to the selection process of juvenile delinquents who are eligible to participate in the services, programs, and events coordinated through said agreements. The regulations to be promulgated shall provide that the Department of Corrections and Rehabilitation shall be responsible for the physical custody and safety of the participating juveniles, and which shall be implemented through a protocol to be developed for such purposes. Furthermore, the main factor to be considered when determining whether a juvenile delinquent is eligible for these agreements shall be the good behavior exhibited in the correctional system, as well as his or her interest in and willingness to benefit therefrom.

(v) To enter into agreements, covenants, and contracts with government agencies or private entities or employers to achieve the purposes of this Act. Provided, that it may transfer funds to other bodies to carry out projects or action programs for the benefit of our youth.

(w) To appoint and hire employees as are necessary for the effective operation of the Program.

#### Section 14.- Student Travel Program Fund

The Student Travel Program Fund, created under Section 18 of Act No. 32 of June 23, 1985, as amended, known as the “Student Travel Act,” shall be administered by the Secretary of Economic Development and Commerce for the purposes established therein.

### CHAPTER III- Workforce Development Program

#### Section 15.- Creation of the Workforce Development Program.

The Workforce Development Program is hereby created as an integral part of the structure of the Department of Economic Development and Commerce. The Secretary of the Department of Economic Development and Commerce shall designate a Department official holding a position of trust to assist him or her in the execution and implementation of the Program. Said official may be an Assistant Secretary or any other managerial official of the Department. However, the Secretary’s appointing and rulemaking authorities shall not be delegated to such official.

The Secretary of the Department of Economic Development and Commerce, in common agreement with the pertinent instrumentalities, shall develop work plans as are necessary to ensure the effective implementation of the public policy of the Commonwealth of Puerto Rico in coordination with the State Workforce Investment Board created pursuant to the Workforce Investment Act, Pub. L. 105-220 of August 7, 1998.

#### Section 16.- Definitions Relating to the Workforce Development Program.

The following phrases and terms shall have the meanings stated below:

(a) Occupational Skill Training - Systematic process to provide each participant with knowledge and experiences to help them develop the skills that shall enable them to secure a job, retain it, and improve their quality of life.

(b) Agency - A set of functions, offices, and positions that constitute the entire jurisdiction of an appointing authority regardless of it being denominated as a department, agency, office, commission, board, public corporation, or instrumentality of the Commonwealth of Puerto Rico.

(c) Governor - The Governor of the Commonwealth of Puerto Rico.

(d) Board - The State Workforce Investment Board.

(e) Secretary - The Secretary of the Department of Economic Development and Commerce.

(f) Program - The Workforce Development Program.

(g) Operating Unit - Part of the effort made within a program in order to attain its objective or final product. The activities are usually conducted at the low or intermediate level of the organizational structure of a program or section.

#### Section 17.- Workforce Development Program Objectives.

For the purpose of guiding the Workforce Development Program, the following general objectives are established herein:

(a) To encourage and develop workforce talent thus promoting competitiveness in a global economy by investing in education and training, as well as providing incentives that promote work ethic;

(b) To promote the flexibility and diversification of the occupational skills training offerings to temper them with changes in the economy, in-demand occupations, knowledge and technology advances, and the interests of specific groups and clientele within the population;

(c) To implement innovative occupational skills training models that incorporate the private and public entrepreneurial sector as partners or clients;

(d) To promote and support job creation strategies;

(e) To promote employment and establish recruitment processes that help people identify, secure, and retain a job regardless of the group to which they belong;

(f) To retrain youths and adults so that they develop the skills necessary to perform a new occupation or to improve within their current occupation;

(g) To promote entrepreneurial initiatives between adults, youths, and displaced workers; and

(h) To rescue youths who are school dropouts by integrating them into the workforce.

Section 18.- Authorities, Powers, and Responsibilities of the Secretary Relating to the Workforce Development Program.

The authorities, powers, and responsibilities of the Secretary include, without limitation, the following:

(a) To implement and enforce the public policy established by the Commonwealth of Puerto Rico in accordance with the federal laws and regulations applicable to employment and training programs;

(b) To create the administrative organizational structure of the Program;

(c) To evaluate and periodically monitor the programs, activities, and services offered through this Act in order to determine their effectiveness in achieving the established goals;

(d) To establish initiatives in the entrepreneurial sector in order to increase its participation in the attainment of the proposed objectives;

(e) To submit periodic reports to the Governor and the Legislative Assembly on the objectives and purposes achieved to comply with this chapter;

(f) To administer, advice on, coordinate, and implement the public policy that shall govern the Program;

(g) To work with and assist the members of the Board in complying with the provisions and meeting the requirements of the Workforce Investment Act of 1998, as amended.

(h) To discharge any other duty or authority in accordance with his or her experience in employment and training programs to achieve the purposes of this Act.

Section 19.- Creation of the State Workforce Investment Board.

The State Workforce Investment Board is hereby created in compliance with the Workforce Investment Act of 1998, as amended. The Board shall be composed as follows:

- (1) The Governor;
- (2) Two (2) members of the Senate and House of Representatives who shall be appointed by the Presiding Officers of such bodies;
- (3) Representatives designated by the Governor, which shall include:
  - (a) Two (2) persons who are business owners, chief executives or operating officers, or other executives or employers with optimum policymaking or hiring authority;
  - (b) Two (2) representatives from the Private Sector who shall represent businesses with real employment opportunities for the Island and who shall be nominated by the various business and trade organizations;
  - (c) Two (2) mayors;
  - (d) Two (2) representatives from labor organizations who have been nominated by the various labor unions;
  - (e) Two (2) representatives from independent organizations with experience and expertise in the development of activities to invest in the workforce, including officers from educational institutions and community-based organizations;
  - (f) Two (2) representatives from State Agencies with experience in adult and persons with disabilities education programs;
  - (g) Two (2) representatives of persons with experience in youth programs and services.

The Governor shall choose the members of the Board, as recommended by the Secretary, except for those members chosen by the Presiding Officers of the Legislative Assembly. Their terms of appointment shall not exceed four (4) years.

The Governor shall choose the Chair of the Board from among the representatives of the private sector.

Section 20.- Duties of the State Workforce Investment Board.

The State Workforce Investment Board shall discharge its duties pursuant to the Workforce Investment Act of 1998, as amended. Said duties shall include, but not be limited to:

- (1) Developing the state plan;
- (2) Developing and improving all activities funded with WIA funds;
- (3) Coordinating to prevent duplication among programs and Program activities;
- (4) Revising local plans;
- (5) Designating local areas;
- (6) Submitting an annual progress report to the Secretary; and
- (7) Drafting its bylaws.

CHAPTER IV- Amendments to Reorganization Plan No. 4-1994, as amended, and Act No. 15 of April 14, 1931, as amended.

Section 21.- Section 3 of the Reorganization Plan No. 4-1994, as amended, is hereby amended to read as follows:

“Section 3.- General Functions.

The Department shall be responsible for implementing and overseeing the execution of Puerto Rico’s public policy on economic development in the various entrepreneurial sectors, namely industry, commerce, tourism, film, service, cooperatives, and others. As such, it shall be the government body in charge of disclosing, promoting, organizing, and coordinating, in an integrated manner, the

government activity relating to the aforementioned sectors. Moreover, it shall be responsible for promoting the academic, professional, social, and entrepreneurial development and training of the residents of the Commonwealth of Puerto Rico as well as the active integration of youths into the Island's economic development initiatives and efforts. In addition, it shall promote the development of a forward-looking stable and self-sustainable private economy, taking into consideration the globalization of the economy and the establishment of regional trade blocs.”

Section 22.- New subsections (s), (t), (u), and (v) are hereby added to Section 4 of the Reorganization Plan No. 4-1994, as amended, to read as follows:

“Section 4.- Powers, Duties and Functions of the Secretary.

The Secretary of Economic Development and Commerce, hereinafter ‘the Secretary,’ in addition to the powers, duties, and functions conferred by other laws and this Reorganization Plan, shall have all powers, duties, authorities, responsibilities, and prerogatives inherent in his or her office, including, but not limited to, the following:

(a) ...

...

(s) Develop, administer, and promote the Film Industry Development Program in order to promote the creation of high-quality productions, that is, film, digital, and television cinematographic productions geared to both the local and the international markets, and ensure the functionality of digital arts, as a cultural and creative industry of a significant economic, social, and educational impact.

(t) Develop, administer, and promote the Youth Development Program in order to promote the academic, professional, social, and entrepreneurial development and training of youths in the Commonwealth of Puerto Rico, as well as active integration into the Island's economic development initiatives and efforts.

(u) Develop, administer, and promote the Workforce Development Program to promote occupational skill training for Puerto Ricans through initiatives that promote experiences that develop the skills that allow them to be hired, retain their job, or improve their quality of life.

(v) Regulate the payment of official expenses, and custody and administer the funds of the Department as an independent treasury.”

Section 23.- Section 5 of the Reorganization Plan No. 4-1994, as amended, is hereby amended to read as follows:

“Section 5.- Components of the Department.

The Department shall be composed of the following operating components:

- (a) The Tourism Company
  - (1) The Hotel Development Corporation
- (b) The Puerto Rico Trade and Export Company
- (c) The Industrial Development Company
- (d) The Puerto Rico Cooperative Development Commission
- (d) The Land Administration
- (e) The Horse Racing Industry and Sport Administration.”

Section 24.- Section 1 of Act No. 15 of April 14, 1931, as amended, is hereby amended to read as follows:

“Section 1.- Organic Act of the Department of Labor and Human Resources of Puerto Rico.

This Act shall be known as the ‘Organic Act of the Department of Labor and Human Resources of Puerto Rico.’

The following operating component shall be within the Department of Labor and Human Resources:

- (a) The Vocational Rehabilitation Administration, created under Act No. 97-2000, as amended.”

## CHAPTER V.— Transitory and Miscellaneous Provisions

### Section 25.- Transfer of Employees

Every career and/or regular employee of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration shall become employees of the Department of Economic Development and Commerce within sixty (60) days from the approval of this Act. Career and/or regular employees shall earn salaries and have benefits that are comparable but never inferior, to those they had while working for the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration.

The provisions of this Act shall not be used as grounds for the dismissal of any employee holding a regular or career position, or construed as a requirement or basis for reducing or raising the salary and fringe benefits received by the employees of the agency to which they were transferred. Until the new Classification Plan of the Department is amended, the Classification Plan of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration shall be used for the employees who were transferred from said government entities.

As of the effective date of this Act, the Department shall recognize the labor unions representing the transferred union employees, if any, and shall honor any collective bargaining agreement in effect at the time, in accordance with the legal provisions applicable thereto. In these cases, personnel transferred between components or other government entities that are part of an appropriate bargaining unit shall keep said right and, as an exception, may continue to be an appropriate unit without being subject to the provisions of any prior law. Likewise, their respective exclusive representatives shall be recognized.

### Section 26.- Transfer of Property

Within a period not to exceed sixty (60) calendar days from the date of approval of this Act, the Department of Economic Development and Commerce, shall request, and the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration shall carry out, the transfer to the Department of the documents, records, materials, equipment, budget, and any real or personal property thereof.

The period established herein shall also apply to any necessary, appropriate, and convenient actions to be taken by the Department of Economic Development and Commerce to achieve the purposes of this Act including, but not limited to, the creation of the internal, programmatic, and budget structure, as well as the required accounting structure to keep the accounting of its funds and relocation of offices.

The Department shall assume and be liable for any debt, obligation, or financial responsibility of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration and, in turn, shall assume and be the holder of any asset or rights thereon.

### Section 27.- Budget

Any balance from special appropriations from previous fiscal years made to the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs that, at the time of the approval of this Act, where in effect, shall be accounted in favor of the Department of Economic Development and Commerce maintaining the use and balance thereof at the time of the transition. Provided, that any monies that have been generated by the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation shall be transferred to the Film Industry Development Fund.

Likewise, as for the budget approved for the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation and the Office of Youth Affairs for Fiscal Year 2014-2015, whether from the operating budget allocated under the General Budget Joint Resolution or from appropriations made under the Special Appropriations Joint Resolution, the Office of Management and Budget shall determine the amount necessary to operate and give continuity to the Program and shall transfer the same to the Department of Economic Development and Commerce. If there is a balance between the amount approved and the amount transferred, the difference shall be transferred to the Budget Fund to be used in accordance with the applicable provisions.

As for the budget approved for the Workforce Development Administration for Fiscal Year 2014-2015, for the Workforce Development Program, whether from the operating budget allocated under the General Budget Joint Resolution or from Appropriations made under the Special Appropriations Joint Resolution, the Office of Management and Budget shall determine the amount necessary to operate and give continuity to the Program. The Workforce Development Program shall have its own budget to be administered and overseen by it to ensure the effective operation thereof. Said Program shall have authority to: administer the training and employment federal funds allocated to the Commonwealth of Puerto Rico under the Workforce Investment Act of 1998, as amended; and receive, be the custodian, disburse, and administer funds, as well as acquire a fidelity bond, in accordance with the laws of the Commonwealth of Puerto Rico.

#### Section 28.- Transitory Provisions

a) The Secretary of Economic Development and Commerce shall direct the transition and address any administrative issues that arise therefrom. Thus, the Secretary may prescribe by administrative orders any rules he or she deems

necessary to ensure a swift and orderly transition process, including all that pertains to the transfer of employees.

b) The Executive Director of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Executive Director the Office of Youth Affairs, and the Administrator of the Workforce Development Administration shall prepare and make available to the Secretary of Economic Development and Commerce, within a period not to exceed thirty (30) calendar days from the date of approval of this Act, a transition report which shall include, among other things, the following:

- i. a report on the status of any cause of action to which he or she is a party and that is pending before any federal or state Court, or any administrative forum;
- ii. a report on the status of administrative transactions;
- iii. an account statement including the balance of the agency's accounts and the balance of the budget appropriated for the current fiscal year;
- iv. an inventory of the real and personal property, resources, equipment, and supplies of the entity;
- v. a copy of the last reports that it is required by law to file with the various Government Branches;
- vi. a report on the government entity's staff including held and vacant positions of the government entity, the name of the persons holding such positions, and the payroll expenses they entail;
- vii. a report on the government entity's contracts in effect;
- viii. a report on the covenants and/or agreements entered into with public, state, or federal entities.
- ix. any other information that the Secretary of Economic Development and Commerce may require;

c) During the transition process, the Executive Director of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Executive Director of the Office of Youth Affairs, and the Administrator of the Workforce Development Administration shall make available to the Secretary of Economic Development and Commerce any staff that the latter deems necessary during the transition process. Likewise, the Secretary shall have access to any record, file, or document to be generated or generated by the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration.

d) During the transition process, the Executive Director of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Executive Director of the Office of Youth Affairs, and the Administrator of the Workforce Development Administration shall report to the Secretary of Economic Development and commerce and request his or her authorization for any disbursement of funds needed to be made.

e) All regulations, orders, resolutions, circular letters, and other administrative documents of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration relating to matters that are consistent with this Act, shall remain in effect, until they are amended, supplemented, repealed, or rendered ineffective by the Secretary of Economic Development and Commerce.

f) During the transition process, government entities shall continue to work regularly until the new programs begin operations, subject to the transition measures provided herein.

g) The Secretary of Economic Development and Commerce shall file within fifty (50) calendar days with the Office of Management and Budget, any statements

regarding funds or any transaction that is necessary to effectuate this Act and that ordinarily requires the approval of said Office.

h) Regular and/or career employees shall become employees of the Department of Economic Development and Commerce in accordance with the provisions of this Act within a period of sixty (60) days from the approval thereof; therefore, the Executive Director of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Executive Director of the Office of Youth Affairs, and the Administrator of the Workforce Development Administration and the Secretary of Economic Development and Commerce shall take all required actions to effectuate said transfer. After the aforementioned sixty (60)-day period, the Film Industry Development Program, the Office of Youth Affairs Program, and the Workforce Development Program shall be under the jurisdiction of the designated official of the Department of Economic Development and Commerce holding a position of trust and the positions of Executive Director of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, Executive Director the Office of Youth Affairs, and Administrator of the Workforce Development Administration shall become vacant and eliminated.

i) In the event that the Executive Director of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Executive Director of the Office of Youth Affairs, and/or the Administrator of the Workforce Development Administration are unavailable or fail to implement the measures provided in this Section, the Secretary of Economic Development and Commerce may designate an official holding a position of trust to discharge all functions entrusted to the Executive Director of the Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation, the Executive Director of the Office of Youth Affairs, and/or the Administrator of the Workforce Development Administration under this Section.

### Section 29.- Integration Report.

The Secretary of Economic Development and Commerce is hereby directed to submit to the Governor, the Office of Management and Budget, and the Legislative Assembly, an Integration Report detailing the results of the integration of the Programs into the Department, the reallocation of resources, and any other information requested by the Office of Management and Budget. Such report shall be submitted within thirty (30) days after the close of Fiscal Year 2014-2015.

### Section 30.- Amendment Clause.

Any reference to the Puerto Rico Motion Picture Arts, Sciences and Industry Development Corporation, the Office of Youth Affairs, and the Workforce Development Administration made in any other law, regulation, or official document of the Government of the Commonwealth of Puerto Rico shall be deemed to be amended to refer to the Film Industry Development Program, the Youth Development Program, and the Workforce Development Program, respectively, within the Department of Economic Development and Commerce.

### Section 31.- Repealing Clause.

1. Section 10 of Reorganization Plan No. 9-1994, as amended, is hereby repealed.
2. Act No. 121-2001, as amended, known as the “Puerto Rico Motion Picture Arts, Sciences, and Industry Development Corporation Act,” is hereby repealed.
3. Act No. 34 of July 13, 1978, as amended, known as the “Office of Youth Affairs Act,” is hereby repealed.
4. Act No. 97-1991, as amended, known as the “Puerto Rico Workforce Development and Training System Act,” is hereby repealed.

Section 32. Disclosure.

This Act and the impact thereof shall constitute information of public interest, thus, the Secretary of Economic Development and Commerce is hereby empowered to educate and inform about this Act and the impact thereof. It is of utmost importance that citizens are well informed on the changes to and duties of the entities concerned, the new services, and the rights and obligations of citizens and of the Commonwealth of Puerto Rico.

Section 33.- Incompatibility.

Insofar as the provisions of this Act are incompatible with any other statutory or regulatory provisions, the provisions of this Act shall prevail.

Section 34.- Severability.

If any clause, paragraph, subparagraph, article, provision, section, subsection, or part of this Act were held to be unconstitutional by a competent court, the holding to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, subparagraph, article, provision, section, subsection, or part of this Act thus held to be unconstitutional.

Section 35.- Exclusion.

This Act is excluded from the provisions of Act No. 182-2009, as amended, known as the “Act for the Reorganization and Modernization of the Executive Branch of the Government of Puerto Rico of 2009.”

Section 36.- It is hereby provided that in cases when the time periods provided in this Act are contrary to or inconsistent with the time periods provided in Act No. 66-2014, known as the “Government of the Commonwealth of Puerto Rico Special Fiscal and Operational Sustainability Act,” the provisions of Act No. 66-2014 pertaining to the matters herein shall prevail.

Section 37.- Effectiveness.

This Act shall take effect immediately after its approval.