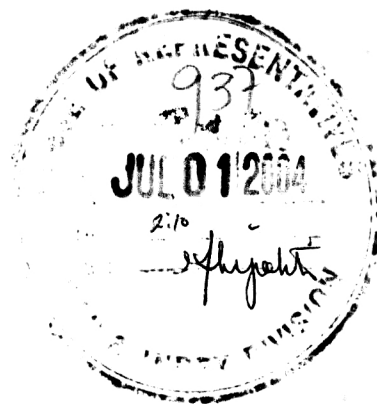


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 937



Introduced by **REP. JUDY J. SYJUCO**

EXPLANATORY NOTE

The Philippine Film Industry is in a sordid state. Faced with various problems, which hinder its growth and development, the industry is primarily burdened with having to pay numerous taxes and indemnities charged by the government.

The prohibitively high taxes imposed by both national and local governments on the production and exhibition of Filipino films are forcing producers into churning commercial movies primarily geared towards box-office profits, thus sacrificing quality and relevancy.

It is therefore imperative that a system of tax incentives be initiated in order to encourage and explore the new artistic and economic horizons that the production of alternative and quality Filipino films will bring.

The creation of a new Film Development and Incentives Board (FDIB) is hereby proposed to nurture an economic and cultural environment that will encourage best efforts in the film industry, tasked above all, to formulate, harmonize and implement government policies designed to encourage the growth and development of quality film making.

With the creation of the Film Development and Incentives Board, Filipinos will look forward to a future of renewed vitality and artistic maturity from the quality of Filipino films that will be geared towards the social and cultural transformation of the Filipino people.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read "Judy J. Syjuc".

JUDY J. SYJUCO

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Introduced by REP. JUDY J. SYJUCO

AN ACT
CREATING THE FILM DEVELOPMENT AND INCENTIVES BOARD, DEFINING ITS
POWERS AND FUNCTIONS, APPROPRIATING FUNDS THEREFORE, AND FOR
OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. State Policy. – Pursuant to the constitutional guarantee on freedom of expression, the State shall promote and support the development and growth of the local film industry as a medium for the upliftment of the people's aesthetic, cultural and social values and for the better understanding and appreciation of the Filipino identity.

To achieve this end, the State shall formulate and implement policies and programs to upgrade the art and craft of film making and encourage the production of films for commercial purposes, intended for public entertainment, that seek to enhance the quality of life, examine the human condition and contribute to the dignity and nobility of the human spirit.

SECTION 2. *Creation.* – To carry out the provisions of this Act, there is hereby created a Film Development and Incentives Board hereinafter referred to as the Board under the Office of the President. The Film Development Foundation of the Philippines, Inc. (FDFPI), created under the Executive Order No. 1051, and the Film Ratings Board (FRB), created under Executive Order No. 811 are hereby abolished.

SECTION 3. *Powers and Functions.* – The Board shall have the following powers and functions:

1. To formulate, establish and implement a Film Evaluation System for the evaluation of quality films based on artistic and technical merits;
2. To develop and implement an incentive system for producers to encourage the production of quality movies;
3. To engage and undertake activities that will promote the growth and development of the local film industry and promote its participation in both domestic and foreign markets;
4. To encourage the production of quality movies that are acceptable vis a vis the expertise of Filipino talents necessary for quality film production;

5. To develop and promote programs to enhance the skills and expertise of Filipino talents necessary for quality film production;
6. To engage and undertake activities that will promote the growth and development of the local movie industry and other related arts directed to upgrade the level of the local film industry and other related arts and redirect the level of appreciation of the viewing masses;
7. To develop and implement an incentive system in accordance with the provisions of this Act, based on merit to encourage the production of quality films;
8. To prescribe the procedures for the exercise of its powers and functions as well as the performance of its duties and responsibilities;
9. To prescribe fees and other charges on applications for evaluation of films: *provided*, that the amount collected shall be used for its maintenance, operation and other expenses;
10. To determine the Board's organizational structure and staffing pattern and appoint officers and employees of the Board in accordance with Civil Service laws, rules and regulations;
11. To borrow funds, acquire, manage, and hold such real and personal property as may be necessary to carry out the purposes and objectives of this Act;
12. To invest funds and other assets in such activities or undertakings which shall directly and indirectly promote the development of the film industry, and other terms and conditions as it may deem necessary;
13. To ensure the establishment of a film archive in order to conserve and protect film negatives and/or prints as part of the nation's historical, cultural, and artistic heritage; and,
14. To perform such other functions as may be necessary to carry out the provisions of this Act.

SECTION 4. *Composition of the Board.* – The Board shall be composed of a chairperson and ten (10) members who shall be appointed by the President of the Philippines: *Provided*, That the person appointed as chairperson shall be a person of proven administrative proficiency, knowledgeable of the technical and artistic aspects of film production and fully committed to the promotion and development of Philippine Cinema as an art.

The Board shall be composed of representatives from the following:

1. The Chairman or the Executive Director of the Film Academy of the Philippines;
2. The President of the Cultural Center of the Philippines;
3. The Commissioner of the Committee on Cinema of the National Commission on Culture and the Arts;
4. The Secretary of the Department of Trade and Industry or his duly designated representative;

5. A representative from the filmmakers' industry;
6. A representative from the theater owners' sector;
7. The President of the League of City Mayors or his duly designated representative;
8. The Chairman of the Metro Manila Development Authority;
9. The Director of the University of the Philippines Film Center;
10. A representative from the Department of Education; and
11. Two (2) members to be appointed by the President of the Philippines from among the nominees from legitimate organizations in the film industry and related arts.

SECTION 5. *Term of Office.* – The Chairman shall be appointed by the President of the Philippines and shall hold office for a term of Three (3) years unless sooner removed by the President. *Provided*, That he/she shall be eligible for reappointment after the expiration of his respective terms: *Provided, further*, that no Chairman or member shall serve for more than two (2) consecutive terms. If the Chairman or member fails to complete his term, the person appointed to fill the vacancy shall serve only for the unexpired portion of the vacated term whom he/she succeeds. *Provided finally*, That such service of the unexpired portion shall not be counted as a term.

SECTION 6. *Meetings.* The Board shall meet regularly at least once a month or as often as necessary upon the call of the Chairman. A majority of the members of the Board shall constitute a *quorum* to do business. The members of the Board shall be entitled to a per diem of Two Thousand Pesos (P2,000.00) per meeting actually attended. *Provided*, That the amount of per diem of each member shall not exceed Four Thousand Pesos (P4,000.00) per month.

SECTION 7. *The Chief Executive Officer.* – The Chairman shall be the Chief Executive Officer and shall exercise overall administrative supervision to ensure the effective and efficient implementation of the policies laid down by the Board. The Chief Executive Officer shall have the same rank and salary of an Undersecretary of a Department as provided for in the Salary Standardization Law.

SECTION 8. *Functions of the Chief Executive Officer* – The Chief Executive Officer shall have the following functions:

1. Execute and administer the policies, plans and programs approved by the Board;
2. Direct and supervise the operations and internal affairs of the Board;
3. Establish the internal organization and administrative procedures of the Board;
4. Recommend to the Board the appointment, transfer or detail, suspension, dismissal for cause of its subordinate officials and employees; and
5. Such other functions, which the Board may assign from time to time.

SECTION 9. *The Executive Director.* – The Chief Executive Officer shall be assisted by an Executive Director to be appointed by a majority vote of all the members of the Board. The Executive Director shall hold the position of a Bureau Director and shall serve for a term of four (4) years, and shall be eligible for reappointment for another four (4) years, unless sooner removed by the Board. *Provided*, That no Executive Director shall serve for more than two (2) consecutive terms. He/she shall receive compensation in accordance with the Government Salary Standardization Law.

SECTION 10. *Cinema Evaluation System.* The Committee shall formulate and establish a set of standards and procedures for the Cinema Evaluation System, subject to the approval of the Board, primarily based on but not limited to the following:

- a. Direction – which shall be deemed effective when the film's intentions are made clear and realized through the effective orchestration of all the film's elements;
- b. Screenplay – which shall be deemed effective when the film's intentions are made clear by the characterization, dialogue, plot and narrative structure of the material on hand;
- c. Cinematography – which shall be deemed effective if it creatively visualizes content through the lighting composition, camera movement and related camera techniques in the manner appropriate for the film's intentions;
- d. Editing – which shall be deemed effective if it creatively compresses or expands time, space and movement, and arranges images in a manner appropriate to the film's intentions;
- e. Production Design – which shall be deemed effective if it successfully creates the time, period, locale, atmosphere and look of the film, and contributes to characterization through the use of sets, costumes, props and make-up in a manner that suits the film's intentions;
- f. Music scoring – which shall be deemed effective if the music is used to heighten mood and emotion, help define character, and reinforce rhythm pace in a manner that suits the film's intentions;
- g. Sound – which shall be deemed effective if dialogue, music, sound effects and silence are reproduced, orchestrated and mixed in proper proportion to suit the film's intentions; and
- h. Acting Performances – which shall be deemed effective if the performers play their characters truthfully and honestly in performance style to suit the film's intentions;

Provided, that in evaluating and upgrading a film, the Committee shall look for excellence in the art and craft of film making in its totality, take into consideration scenes of the film in context, its manner of presentation and culture.

SECTION 11. *Cinema Evaluation Committee.* – There is hereby created a Cinema Evaluation Committee hereinafter referred to as the "Committee" which shall review, evaluate, rate and classify films submitted to the Board, subject to the following conditions:

- a. Composition. The Committee shall be composed of a Committee Chairman and thirty (30) members, twenty (20) of whom shall come from the film industry, and the other ten (10) from the arts, academe, business and other sectors.
- b. Appointment and Qualification of the Chairman and Members – The President of the Philippines shall appoint to the Committee persons knowledgeable of the artistic and technical aspects of film making and fully committed to the promotion and development of cinematographic art along world class standards and global marketability.
- c. Term of Office. The Committee Chairman and members shall serve for a term of two (2) years and shall be eligible for reappointment for a second term: *Provided*, that no member shall serve for more than two (2) consecutive terms at a time.

If any member fails to complete a term, the person appointed to fill the vacancy shall serve only for the unexpired portion of the term of the member whom he/she succeeds, unless reappointed. In the initial appointments, the Committee Chairman and fifteen (15) members shall hold office for two (2) years and the next fifteen (15) for one (1) year.
- d. Quorum. – The Chairman or his duly designated representative who is also a Committee member, and at least eleven (11) members are needed for the Committee to transact business.
- e. Honoraria. – A Committee member shall receive reasonable *honorarium* for each film actually reviewed and evaluated, to be determined by the Council subject to government accounting and auditing rules and regulations.

SECTION 12. Rating of Films. – The rating of films by the Cinema evaluation Committee shall be subject to the following provisions:

- a. Pre-qualification procedures and requirements. The Council shall prescribe pre-qualification procedures and requirements for application for rating: *Provided*, that only films with premiere screening shall be held in the Philippines, and for those films without, any previous theatrical release, free television broadcast, cable broadcast, or video release in any medium anywhere in the world shall be required for rating by the Committee: *Provided, further*, that the Committee shall review, evaluate, rate and classify only feature films that are intended for theatrical exhibition, charge admission fees and which are at least eighty (80) minutes in length and that the producer shall submit his/her film for review, rating and classification at least five (5) working days before its scheduled playdate.
- b. Review Period. – The film shall be reviewed, rated and classified by the Cinema Evaluation Committee within forty-eight (48) hours of its receipt of the film. The Committee shall transmit its decision to the Board within twenty-four (24) hours from rendering its decision. The Board shall inform the producer of the Committee's decision not later than twenty-four (24) hours upon receipt thereof.

- c. Grading of Films. – The Board shall grant an “A” or “B” grade based on the findings of the Committee.
- d. Number of Films to be Graded. – The number of films to be graded that may be granted an “A” or “B” rating shall not exceed thirty (30) for each calendar year.
- e. Finality of Rating. The rating submitted by the Committee to the Board shall be final and non-appealable.

SECTION 13. *Amusement Tax Deduction and Remittances.* – All revenues from the amusement tax on the graded film, which may otherwise accrue to the cities and municipalities in Metro Manila and highly urbanized and independent component cities in the Philippines pursuant to Section 140 of Republic Act. No. 7160 during the period of the graded film is exhibited, shall be deducted and withheld by the proprietors, operators or lessees of theatres or cinemas and remitted within twenty (20) days from the termination of the exhibition to the Film Development and Incentives Board which shall reward the corresponding amusement tax to the producers of the rated film within fifteen (15) days from receipt thereof.

Proprietors, operators, and lessees of theaters or cinemas who fail to remit the amusement tax proceeds within the prescribed period shall be liable to a surcharge equivalent to twenty-five percent (25%) of the revenue collected for each month of delay which shall be paid to the Board.

SECTION 14. *Privileges of Rated Films.* – Films, which have obtained an “A” or “B” rating from the Board pursuant to Section 10 of this Act, shall be entitled to the following privileges:

- a. Amusement tax incentive. – A grade “A” or “B” shall entitle its producer to an incentive equivalent to the amusement tax imposed and collected on the rated films by cities and municipalities in Metro Manila and other highly urbanized and independent component cities in the country pursuant to Sections 140 and 151 of Republic Act No. 7160 at the following rates:
 - 1. Grade “A” films – 100% of the amusement tax collected on such film;
 - 2. Grade “B” films – 60% of the amusement tax collected on such film.

SECTION 15. *Unauthorized Showing or Exhibition.* – It shall be unlawful for any producer, proprietor, operator or lessor of theaters or cinemas to exhibit for public viewing rated films in a version other than the version rated and classified by the Committee.

SECTION 16. *Cultural Development Fund.* – To finance the operations, projects, and objectives of the Film Development and Incentives Board, the twenty-five centavos (P0.25) cultural development tax collected on all admission tickets of movie houses in Metro Manila as established by Ordinance No. 79-6, as amended, of the former Metro Manila Commission shall accrue to the Board.

SECTION 17. *Cultural Tax Deduction and Remittance.* – Proceeds from the twenty-five centavos (P0.25) cultural development tax collected shall be deducted and withheld by the proprietor, operators or lessees of theaters or cinemas in Metro Manila, and remitted within twenty (20) days of succeeding

month to the Board. Failure to remit herein tax within the prescribed period shall subject the proprietors, operators or lessees of theaters or cinemas to a surcharge equivalent to twenty-five percent (25%) of the amount due for each month of delinquency until the tax is fully paid.

SECTION 18. *Enforcement.* For purposes of implementing the previous Section, the Board may:

1. Impose administrative fines and penalties of not more than One Hundred Thousand Pesos (P100,000.00) for the violation of any provision of this Act and/or its implementing rules and regulations issued by the Board;
2. Cause or initiate the criminal or administrative prosecution of violators of this Act and implementing rules and regulations. For this purpose, the Board is hereby given the power to issue *subpoena ad testificandum* and *subpoena duces tecum* and enlist the assistance or services of the Department of Justice or the Office of the Solicitor General.
3. Cause the closure of any theater or cinema that fails or unreasonably refuses to remit the tax collected on a graded film;
4. Call upon representatives of the different government agencies and other various associations in the movie industry to help insure compliance with the provisions of this Act and its implementing rules and regulations.

For this purpose, the Board may constitute Local Regulatory Board or Boards in the cities and municipalities throughout the country composed of representatives from the government and from the private sector as may be appropriate to implement the purposes of this Act.

5. To deputize any law enforcement agency and instrumentality of the government for assistance in the implementation and enforcement of its functions and orders.

SECTION 19. *Funding.* – For the initial operation and maintenance of the Board, the amount of Twenty Million Pesos (P20,000,000.00) shall be charged against the President's Social Fund. Thereafter, such sums as may be necessary for its continued operation shall be included in the annual General Appropriations Act.

To augment the operational expenses of the Board, the Board may:

- a. Utilize the remaining thirty-five percent (35%) of the amusement tax collected during the period a grade "B" film is exhibited, as provided under Section 13 hereof;
- b. The twenty-five centavo (P0.25) cultural development tax collected on all admission tickets of movie houses in Metro Manila under Section 16 hereof; and
- c. Impose reasonable fees and charges on services rendered, including on applications for rating, to cover the costs of services rendered.

SECTION 20. *Authority to Accept Donations.* – The Board may accept donations, contributions, grants, bequests or gifts, in cash or in kind, from various sources, domestic or foreign, for purposes relevant to its functions. Said donations shall be deemed automatically appropriated for purposes specified by the donor in the absence thereof; for the programs and projects as may be approved by the Board: *Provided*, that cash donations shall not be used to fund the personal services requirements of the Board.

SECTION 21. *Assistance from Other Government agencies.* – The Board may request any department, bureau, office, or agency of the government for such assistance as may be needed in the performance of its functions.

SECTION 22. *Implementing Rules and Regulations.* – The Office of the President shall, within ninety (90) days after the approval of this act, issue the necessary rules and regulations to implement the provisions hereof;

SECTION 23. *Repealing Clause.* – Executive Order Nos. 811 and 1051 are hereby repealed. Section 140 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991 and section 3 of Presidential Decree No. 1986, creating the Movie and Television Review and Classification Board are hereby amended accordingly.

All other laws, decrees, orders, issuances, rules and regulations, which are inconsistent with the provisions of this act are hereby repealed, amended or modified accordingly.

SECTION 24. *Transitory Provisions.* – To provide continuity in the operations of the Board, the incumbent officials and employees of the FDFPI and the FRB shall, in holdover capacity, continue to perform their respective duties and responsibilities and shall receive their corresponding salaries and benefits until such time that the organization of the Board shall have been completed. The transition period shall not exceed six (6) months after the effectivity of this Act.

All officials and employees of the FDFPI and the FRB shall be deemed resigned from services upon the organization of the Board: *Provided*, that the officials and employees who shall be laid off shall be given first priority, on the basis of merit and fitness, in appointments to new positions to which they may qualify under the new staffing pattern: *Provided*, finally, that those who shall not be given new appointments shall be entitled to all compensation and benefits due them under existing laws.

All books, assets, rights, privileges, records, obligations and liabilities of the FDFPI and the FRB are hereby transferred to the Board.

SECTION 25. *Separability Clause.* – If, for any reason, any provision of this Act, or any part thereof, is declared invalid or unconstitutional, all other sections or provisions not affected thereby shall remain in force and effect.

SECTION 26. *Effectivity.* – This Act shall take effect fifteen (15) days after publication in the Official Gazette and two (2) newspapers of national circulation.

Approved,