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December 29, 2012

**CIRCULAR LETTER OF THE PUERTO RICO MOTION PICTURE ARTS, SCIENCES AND INDUSTRY DEVELOPMENT CORPORATION NO. 12-09**

**TO: ALL PERSONS ENGAGED IN A FILM PROJECT, AN INFRASTRUCTURE PROJECT, AND TO STUDIO OPERATORS AND LARGE SCALE STUDIO OPERATORS INTERESED IN THE BENEFITS UNDER ACT NO. 27 OF MARCH 4, 2011, AS AMENDED, KNOWN AS THE "PUERTO RICO FILM INDUSTRY ECONOMIC INCENTIVES ACT".**

**SUBJECT: EVALUATION OF TAX GRANT APPLICATIONS BY THE FILM COMMISSIONER.**

Pursuant to Act No. 27-211 of March 4, 2011, as amended, the Puerto Rico Film Industry Economic Incentives Act (the "Act"), the Secretary of Development<sup>1</sup> is authorized to grant decrees to persons engaged in a Film Project, an Infrastructure Project, and to Studio Operators and Large Scale Studio Operators, which provide various tax incentives and tax credits. Article 3.5 of the Act provides that the Secretary may delegate to the Executive Director of the Puerto Rico Motion Picture Arts, Sciences and Industry Development Corporation (the "Film Commissioner") any of the powers granted to him by the Act, except for matters related to designation of the geographic areas as Film Development Zones pursuant to the provisions of Articles 6.1 and 8.4 of the Act.

On March 4, 2011, Administrative Order No. OA-01-2011 and Circular Letter No. 11-01 of the Department of Economic Development and Commerce (the "DEDCC") were signed by the Secretary of Development delegating to the Film Commissioner all the powers granted to him under the Act, including the power to approve or deny applications, transfers and/or amendments to Grants and the power to authorize the concession of tax credits under the Act (the "Administrative Determinations"). Article 3.2(b) of the Act establishes the criteria that should be considered to evaluate a tax Grant application. Article 3.2(b)(6) of the Act further stipulates that such criteria shall include any other factor to be established by the Secretary of Development through regulation or circular

<sup>1</sup> All terms not defined herein shall have the name given to them in the Act.

letter consistent with promoting the best interests of Puerto Rico and/or the purposes of the Act. In addition, pursuant to the Administrative Determinations and Article 3.4 of the Act, the Film Commissioner has the authority to request all the information and/or documentation necessary for purposes of evaluating tax decree applications.

Consistent with the abovementioned provisions and the authority conferred to the Film Commissioner by Administrative Order No. OA-01-2011 and Circular Letter No. 11-01 of the DEDC, the Film Commissioner will require disclosure of any subsidies, donations or assigned fund appropriations from the Government of Puerto Rico, its political subdivisions and instrumentalities or any public or quasi-public corporation (the "Public Support") as part of the application of a Grant. The Film Commissioner shall consider such Public Support in evaluating Grant applications and may deny entirely or partially an application for the benefits granted under the Act for a Film Project that has received substantial Public Support.

For additional information related to the provisions of this Circular Letter or the Administrative Determinations, please contact the Film Commissioner at (787) 754-4747. The provisions of this Circular Letter will be effective immediately.

Attentively,



Carlos F. Amy  
Acting Film Commissioner