



'13 SEP 17 P5:13

**SENATE**

S. No. 1707

RECEIVED BY: *ji*

---

Introduced by Senator Manuel "Lito" M. Lapid

---

### **EXPLANATORY NOTE**

The promotion of local music is not only a cultural thrust for any nation but more so an economic and tourism sector investment. The development of a robust and dynamic local music scene will eventually merit the consideration of international audiences, producers, and artists. Moreover, some cultural studies show that the growth of local music is correlated to the growth or strengthening of local television shows and films. If so, then foreign investment into local productions and tourist interest in local settings will likewise increase.

The Philippines, alongside several other countries, has adopted a policy on content quota for radio stations. By virtue of Executive Order No. 255, radio stations are required to play a minimum of four (4) original Filipino musical compositions every hour. Such an imposition of content quota has been shown to raise appreciation for local music and to propel innovation of and growth in local music. Unfortunately, E.O. 255 is ineffective to attain these goals. First, due to the absence of proper monitoring and implementation thereof. Second, because of the small content quota required of radio stations.

This proposed measure intends to provide greater impetus to the musical creativity and standards of performance for local composers, artists, and performers. The bill provides not only for higher content quota but, more importantly, a broader scope therefor. Further, musical incentives are proposed to favor local musicians. Finally, an implementing and monitoring agency is established for the purpose of upholding the worthy ideals of the bill.

**MANUEL "LITO" M. LAPID**  
Senator



13 SEP 17 P5:13

**SENATE**

S. No. 1707

RECEIVED BY: *ji*

---

Introduced by Senator Manuel "Lito" M. Lapid

---

**AN ACT  
PROMOTING THE DEVELOPMENT OF THE PHILIPPINE MUSIC  
INDUSTRY BY ESTABLISHING A MUSICAL INDUSTRY DEVELOPMENT  
COUNCIL, IMPOSING CONTENT QUOTA ON PARTICULAR  
ESTABLISHMENTS, AND PROVIDING INCENTIVES TO THE LOCAL  
MUSIC INDUSTRY**

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

1        **SECTION 1.        Short Title.** - This Act shall be known as the "**Music**  
2 **Industry Development Act of 2013.**"

3  
4        **SEC. 2.        Declaration of Policy.** - In consonance with the constitutional  
5 mandate to conserve, promote, and popularize the nation's historical and cultural  
6 heritage and resources as well as its artistic creations, and to attract investments into  
7 local talents, it is the policy of the State to develop and enhance Filipino musical  
8 creativity, to promote and cultivate the development of Filipino music; and to encourage  
9 and support the promotion and propagation of Filipino music here and abroad.

10        In adherence to such policies, this Act shall have the following objectives:

- 11        (a)    To identify, develop, protect, and promote Filipino musical talent, be it in  
12 composition, rendition, or production;
- 13        (b)    To provide opportunities for the appropriate training and professional  
14 development of the musically talented;
- 15        (c)    To provide adequate mechanisms and support for the development and  
16 protection of the Filipino music industry; and
- 17        (d)    To popularize and promote Filipino music in the country and abroad.

1           **SEC. 3.     *Definition of Terms.*** -

2           (1)   **Original Pilipino Music (OPM)** - refers to any musical composition, with  
3 or without lyrics, originally created by a Filipino, whether the lyrics be in Filipino or in  
4 another language.

5           (2)   **Performers** - refer to actors, singers, musicians, dancers, and other  
6 persons who act, sing, deliver, declaim, or otherwise perform in any musical work or  
7 field.

8           (3)   **Musical Score** - refers to any exclusively visual fixation of sound for  
9 renditions, sound recording, or broadcasting.

10          (4)   **Sound Recording** - refers to any exclusively aural fixation of sound from  
11 a performance or recording.

12          (5)   **Producer of Sound Records** - refers to the person who or the legal entity  
13 that first fixes the performance or recording.

14          (6)   **Publication** - refers to the issue or offering to the public of copies of a  
15 sound recording or a musical score in reasonable quantities.

16          (7)   **Reproduction** - refers to the making of a copy or copies of a recording or  
17 a musical score.

18          (8)   **Broadcasting Organization** - refers to proprietorships duly authorized to  
19 engage in broadcasting.

20          (9)   **Broadcasting** - refers to the transmission for public reception of sounds  
21 or of images and sounds.

22          (10) **Rights of the composer refer to:**

23               (a)   **Performance** - refers to the broadcasting of musical works,  
24 whether performed live or recorded.

25               (b)   **Mechanical** - refers to disc and tape reproduction of musical works.

26               (c)   **Synchronization** - refers to the coordination between musical  
27 works and visual images in motion pictures, television shows, and  
28 advertising commercials.

29               (d)   **Printing** - refers to the publication of works in musical or vocal  
30 arrangement.

31  
32           **SEC. 4.     *Musical Industry Development Council.*** - To achieve the  
33 objectives of this Act, there is hereby created a Music Industry Development Council,  
34 hereafter referred to as the Council.

35           The Council shall have the following powers and functions:

36           (a)   To stimulate and promote the creation and rendition of good music by  
37 means of grants, loans and other forms of assistance to qualified persons and  
38 institutions applying therefor;

1 (b) To encourage and facilitate the organization of clubs and societies  
2 throughout the Philippines for the promotion and popularization of Filipino music through  
3 media;

4 (c) To encourage the development of plans and programs, whether by the  
5 private or government sectors, for the identification, selection, training and support of  
6 musically gifted children;

7 (d) To devise a system of payment of royalties that will guarantee that Filipino  
8 musicians receive a minimum amount of royalty that will adequately compensate him or  
9 her;

10 (e) To promote the rights and privileges of Filipino artists performing in the  
11 country, giving priority to local artists over foreign performers;

12 (f) To monitor and mediate or arbitrate, as the need may arise, the following  
13 cases, in accordance with guidelines to be formulated therefor:

14 1) Infringement of copyright and neighboring rights of whatever nature  
15 or character;

16 2) Controversies arising out of royalty rates, license schemes,  
17 compulsory licenses and relations between and among intellectual  
18 property creators, users, publishers, collecting societies,  
19 performers, producers of sound recordings and broadcasting  
20 organizations;

21 3) Controversies involving intellectual property in music, its  
22 assignment or transfer, or those involving licenses, whether  
23 exclusive or non-exclusive;

24 (g) To accept donations, grants, or contributions and to undertake fundraising  
25 activities and administer the funds solicited thereat, for the attainment of the objectives  
26 of this Act; and

27 (h) To submit an annual report of its activities as well as recommendations to  
28 the National Telecommunications Commission and such other concerned agencies as  
29 may be determined through implementing rules and regulations.

30  
31 **SEC. 5. Board of Directors.** - There shall be a Board of Directors  
32 composed of nine (9) members who, as far as practicable, should come from  
33 recognized associations in the music industry representing the following: composers,  
34 arrangers, singers, instrumentalists, conductors, and producers of sound recordings.

35 The Board shall also have as one of its members, a director of a reputable music  
36 school, a music patron, and a representative from the National Telecommunications  
37 Commission.

1 The Chairman of the Board shall be elected by the members from amongst  
2 themselves.

3 The first members of the Board shall be appointed by the President for a period  
4 corresponding to the following staggered terms: three (3) members to serve for a term  
5 of two (2) years; three (3) members to servr for a term of three (3) years; and three (3)  
6 members to serve for a term of four (4) years from the date that they qualify and  
7 assume office.

8 Their successors shall be appointed by the President for a uniform term of six (6)  
9 years: *Provided* that any person elected by the Board to fill a vacancy shall only serve  
10 for the unexpired term of the member succeeded.

11  
12 **SEC. 6. Promotions and Marketing Bureau.** - There shall be created a  
13 Promotions and Marketing Bureau, which shall be an attached bureau under the  
14 Council, for the purpose of promoting and marketing local talents both in the local and  
15 international market. As such, the Bureau shall closely coordinate with the Department  
16 of Foreign Affairs and the Department of Tourism.

17 The Bureau's main functions shall be:

18 (a) To determine, adopt, and implement the best method and means for  
19 Filipino artists and performers to penetrate the international market;

20 (b) To disseminate to all Filipino artists and performers, as far as practicable,  
21 information on national and international competitions, including the mechanics and  
22 processes involved in achieving national and international success;

23 (c) To develop mechanisms whereby tourists and other foreigners may be  
24 exposed to Filipino music and musical performances; and

25 (d) To coordinate with various producers, agents, and talent directors, both in  
26 the local and international market, with the goal of having local talents engaged by  
27 them.

28  
29 **SEC. 7. Equity.** - Equity, otherwise known as the preferential right of local  
30 performers over foreign performers, shall be given to local performers, producers of  
31 sound recordings, and all others involved in the music industry. Further, foreign  
32 performers shall be required to engage local performers as front acts whenever  
33 *performnces* or concerts are scheduled to be held within the Philippines.

34 An equity fee, which shall be in such amount as may be determined by the  
35 Council, shall be charged against foreign performers or workers for each performance  
36 or show: *Provided*, That the fee shall not be applied to the following:

37 (a) classical artists;

38 (b) those who perform under a cultural exchange program;

- 1 (c) those who are sponsored or sent by counterpart cultural organizations;
- 2 (d) those who perform for the benefit of Filipino artists' organizations;
- 3 (e) those who waive their regular fees or perform without fees; and
- 4 (f) Filipino artists who have acquired foreign citizenship.

5 The income from equity collections of the Council shall be constituted into a Fund  
6 that shall be utilized primarily for the benefit of local performers and shall be  
7 administered and managed by the Council in accordance with the implementing rules  
8 and regulations to be promulgated pursuant hereto.

9  
10 **SEC. 8. Content Quota.** - All radio stations shall allot at least twenty five  
11 percent (25%) of their airtime to the playing of Filipino musical compositions, which shall  
12 be computed per radio program with a musical format and shall include the time when  
13 Filipino musical compositions are playing as bed or background music.

14 All musical, variety, or cultural programs of all television stations shall also allot at  
15 least twenty five percent (25%) of their airtime to Filipino musical compositions, which  
16 shall be computed in the same manner.

17 All producers of advertisements that have a musical format, which are broadcast  
18 over radio or television stations, shall ensure that at least thirty five percent (35%) of the  
19 advertisement's airtime uses Filipino musical compositions.

20 Producers of Filipino films shall ensure that at least thirty five percent (35%) of  
21 the song choices or musical scores used in Filipino movies are Filipino music.

22  
23 The following public places shall allot at least twenty percent (20%) of every  
24 clockhour of the following activities to the playing of Filipino music:

25 (a) Moviehouses shall comply with the content quota requirement for music  
26 played during screening intervals;

27 (b) Parks or plazas shall comply with the content quota requirement for music  
28 played over their public address systems;

29 (c) Hotels, lodging places, and restaurants shall comply with the content  
30 quota requirement for piped-in music or entertainment fare;

31 (d) Shopping malls shall comply with the content quota requirement for music  
32 played over their public address systems, for music integrated into shows played being  
33 played for mall guests, and for music played as entertainment fare;

34 (e) Public transportation systems, whether by land, air, or sea shall comply  
35 with the content quota requirement for piped-in music and recordings played;

36 (f) Government offices and buildings shall comply with the content quota  
37 requirement for piped-in music; and

1 (g) Schools, colleges, and universities shall comply with the content quota  
2 requirement for music played through their public address systems, in school programs,  
3 shows, or ceremonies.  
4

5 Any franchise holder or operator, or owner of a radio or television station who  
6 fails to comply with the content quota requirement shall be fined in the amount of  
7 Twenty Thousand Pesos (Php 20,000.00) per violation. Repeated violations of not less  
8 than three (3) times within a short interval of time shall be ground for the cancellation or  
9 suspension, upon the hearing and determination of the appropriate government agency,  
10 of the Certificate of Registration and Authority to continue operating the concerned radio  
11 or television station.  
12

13 **SEC. 9. Incentives to the Local Music Industry.** - To develop the music  
14 industry, the following incentives shall be provided for the benefit of local artists:

15 (a) *Formation of Regional Recording Studios.* - Regional recording studios to  
16 be administered by the Council shall be established to provide equal access to recording  
17 studios for all local artists regardless of popularity.

18 (b) *Tax Relief* - The following tax incentives shall be granted for the benefit of  
19 the local music industry:

- 20 1) Taxes on imported musical instruments, as long as the same do not  
21 compete with local counterparts of the same make and quality,  
22 shall be reduced by fifty percent (50%);
- 23 2) Taxes on imported musical equipment needed for the purpose of  
24 making recordings or for the conduct of live performances, as long  
25 as the same do not compete with local counterparts of the same  
26 make and quality, shall be reduced by fifty percent (50%);
- 27 3) Taxes on raw materials, whether local or imported, used for the  
28 purpose of making recordings shall be reduced by twenty percent  
29 (20%).

30 (c) *Grants, Awards, or Scholarships* - Scholarship grants shall be created for  
31 both amateur and professional singers or musicians in order to develop their talent and  
32 skills.

33 Musical awards shall be given annually in a program to be organized by the  
34 Council, in coordination with concerned agencies and entities, and which shall be  
35 designated as the "*Parangal sa Musikang Pilipino*", for the purpose of recognizing both  
36 amateur and professional singers, artists, or performers, and all other music-related  
37 performances and jobs, at the provincial, regional, and national levels.  
38

1           **SEC. 10.    *Taxation of Foreign Recordings.*** - The Council shall have the  
2 authority to impose reasonable taxes on foreign musical recordings played, sold, or  
3 otherwise introduced within Philippine territory, the proceeds of which shall be  
4 integrated into the Fund.

5  
6           **SEC. 11.    *Tax Exemption.*** - All donations, contributions, subsidies, or aids  
7 given or made to the Council shall be deemed allowable deductions from the income of  
8 donors or grantors for income tax purposes.

9  
10          **SEC. 12.    *Appropriations.*** - The sum of Five Million Pesos  
11 (Php5,000,000.00) is hereby appropriated for the initial organization of the Council.  
12 Thereafter, the Council shall submit a proposed annual budget for inclusion in the  
13 annual General Appropriations Act.

14  
15          **SEC. 13.    *Implementing Rules and Regulations.*** - The Musical Industry  
16 Development Council in coordination with the National Telecommunications  
17 Commission, the Department of Foreign Affairs, the Department of Tourism, and other  
18 concerned government agencies, shall promulgate the rules and regulations necessary  
19 for the implementation of this Act.

20  
21          **SEC. 14.    *Repealing Clause.*** - All existing laws, decrees, executive orders,  
22 rules and regulations, or parts thereof not consistent with the provisions of this Act are  
23 hereby repealed or modified accordingly.

24  
25          **SEC. 15.    *Separability Clause.*** - Should any part, section, or provision of  
26 this Act be held unconstitutional or invalid, other parts or provisions hereof which are not  
27 affected thereby shall continue to be in full force and effect.

28  
29          **SEC. 16.    *Effectivity Clause.*** - This Act shall take effect fifteen (15) days  
30 after its publication in at least two (2) newspapers of general circulation.

***Approved,***