



GOVERNMENT OF PUERTO RICO
DEPARTMENT OF ECONOMIC DEVELOPMENT
AND COMMERCE OF PUERTO RICO
DEPARTMENT OF THE TREASURY
&
INDUSTRIAL DEVELOPMENT COMPANY OF PUERTO RICO

DEPARTMENT OF STATE

Number: _____

Date: _____

Approved: Hon. Kenneth D. McClintock

By: _____
Services Assistant Secretary

REG. ____ – REGULATION TO IMPLEMENT THE PROVISIONS OF SECTION 14 OF THE “ACT FOR PROMOTING EXPORT SERVICES” (THE “ACT”), ENTITLED THE “SPECIAL FUND FOR EXPORT DEVELOPMENT AND PROMOTION SERVICES” (THE “SPECIAL FUND”), ISSUED UNDER THE AUTHORITY OF SECTION 14 OF THE ACT, WHICH AUTHORIZES THE SECRETARY OF ECONOMIC DEVELOPMENT AND COMMERCE (THE “SECRETARY”) TO ADOPT THE REGULATIONS NECESSARY TO MAKE EFFECTIVE SAID SECTION.

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PURPOSE – The purpose of this Regulation is to establish rules for the administration of a portion of the Special Fund for Export Development and Promotion Services. Article 14 of the Act sets out the purposes for which the Special Fund shall be used: (1) to provide special incentives to encourage and promote investment and training of eligible businesses; (2) to provide special incentives that will facilitate the establishment of new businesses in Puerto Rico; (3) to provide special incentives to promoters, instead of or in addition to the benefits of a decree under the Act; (4) to provide special incentives for education and training in areas related to export services; (5) to hire private sector professionals to assist the Secretary in complying with his or her duty to promote the Act or any other law related to economic development that the Secretary determines; and (6) to cover administrative costs related to inspections and audits of this program, including training, equipment and trained personnel recruitment to ensure compliance with the Act.

The discretion of the Secretary of Economic Development and Commerce is intended to be exercised in a way that allows the maximum opportunity to incentivize local service providers to attract new business activities to Puerto Rico, consistent with the requirements of the Act and these Regulations. In this way, the economic opportunities for all Puerto Rico's citizens can be enhanced, in the best economic and social interests of Puerto Rico.

I. Title

- A. This Regulation shall be known as the “Regulation for Implementing the Special Fund for Export Development and Promotion Services Through Private Sector Promotions” (the “Special Fund Regulations”).

II. Legal Basis

- A. This Regulation is adopted pursuant to Section 14 of the Act and the Administrative Procedures Act, Act No. 170 – 1998.

III. Definitions

- A. Capitalized terms defined by the Act shall have the meaning assigned to them by the Act or the Regulation for Implementing the Provisions of the Act for Promoting Export Services, No. 20 – 2012 (the “Export Services Regulations”). Where the meaning of a term defined in the Act or the Export Services Regulations is clarified herein, such term shall have the meaning given to it by the Act or the Export Services Regulations, as clarified by these Regulations, solely for the purposes of Section 14 of the Act and these Regulations.

- B. **Business** – Means any corporation, limited liability company, partnership, sole proprietorship, joint venture, or other legal entity or juridical person, validly formed and in good standing under the Laws of Puerto Rico or a foreign jurisdiction. A sole proprietorship means an unincorporated business conducted by an individual who is the sole owner of such business.
- C. **Certification** – Means the document filed by a Business that is a potential New Business on a form issued by PRIDCO identifying the Promoter, if any, that is working towards facilitating such Business’s establishment of a New Business in Puerto Rico.
- D. **Commercial Operations for Profit** – A Business shall be considered to be engaging in Commercial Operations for Profit where its activities are performed for customers or clients in the normal course of business, in such amounts and at such prices which justify the operation of the enterprise as a going concern. A small- or medium-size Business will comply with this requirement, if the amount and price of its activities are commercially reasonable for a Business of its size and such a Business may qualify even if it is operated intermittently throughout the year.
- E. **Counting Date for Employment** – The Counting Date for Employment shall be the date on which the New Business for which a Promoter has a Certification and a Determination of Eligibility commences Commercial Operations for Profit in Puerto Rico.
- F. **Counting Date for Investments** – The Counting Date for Investments shall be the date on which the New Business for which a Promoter has a Certification and a Determination of Eligibility enters into a binding contract to purchase, lease, or construct real property in Puerto Rico.
- G. **Determination of Eligibility** – Means the determination made by PRIDCO that a Promoter has rendered qualifying Promotional Services to a Business that may qualify as a New Business and that the Promoter may thus be eligible for Incentive Payments if the other requirements of these Regulations are met.
- H. **Direct Employees** – Direct Employees include the Business’s full-time, part-time and temporary employees residing in Puerto Rico engaged in the activities of the Business. Direct Employees shall not include independent contractors, consultants, or independent providers of professional services, such as attorneys or accountants, who are not employed by the Business. For purposes of calculating the number of full-time Direct Employees that have been employed by the Business, the Business may include in such calculations any employees deemed inactive due to temporary, health-related leaves, as a result of maternity,

non-occupational disability, workers' compensation related claims and for other similar reasons, provided that such employees are receiving their ordinary compensation during such period of inactivity. In no event shall the hours of a Direct Employee who works less than twenty (20) hours a week on average during the three (3) month period that is being measured be included.

- I. **Employee** – For purposes of determining the number of Employees for any purposes under these Regulations during a full, three (3) month period, the Business shall compute the total hours worked by all of its Direct Employees during the three (3) month period and divide those total hours by 520, and the resulting quotient (excluding any fractional amounts) shall be the number of Employees that have been employed by the Business during that period. For the purpose of determining the total hours worked, hours of vacation and authorized leave shall be included, but overtime hours worked in excess of forty (40) hours per week shall not be so included.
- J. **Existing Business** – For purposes of the Act and these Special Fund Regulations, an Existing Business is an Entity that has an office or other fixed place of business in Puerto Rico at the time Promotional Services are rendered to it, including but not limited to a home office or mobile facility from which it conducts Commercial Activities for Profit.
- K. **Investment in Property, Plant, and Equipment** – An Investment in Property, Plant, and Equipment is the purchase, acquisition, or construction of real or tangible personal property at the New Business's facilities in Puerto Rico to be used in the New Business's Commercial Operations for Profit in Puerto Rico. With respect to personal property, such investment becomes an Investment in Property, Plant and Equipment upon its purchase and delivery to the New Business in Puerto Rico to be used in the New Business's Commercial Operations for Profit in Puerto Rico. The transfer of tangible personal property from the Entity's facilities outside of Puerto Rico to its facilities within Puerto Rico shall be considered to be an Investment in Property, Plant, and Equipment upon its delivery to the New Business in Puerto Rico, if such tangible personal property will be used in the Entity's Commercial Operations for Profit in Puerto Rico. To be an Investment in Property, Plant, and Equipment, the real or tangible personal property must be used in the Entity's Commercial Operations for Profit in Puerto Rico for a period of at least one (1) year. Notwithstanding the foregoing, with respect to Property, Plant and Equipment purchased with respect to a facility in Puerto Rico being constructed or renovated to serve the New Business, this one (1) year test shall be met if the New Business acquires ownership with the intention of using it in Commercial Operations for Profit in Puerto Rico and maintains

ownership of such Property, Plant, and Equipment in Puerto Rico for at least one (1) year. Notwithstanding the foregoing, if PRIDCO determines that a purchase or transfer of property was not intended to be used in a New Business's Commercial Operations for Profit in Puerto Rico, no Incentive Payment shall be made.

- L. **New Business** – For purposes of the Act and these regulations, New Business has the meaning provided in subparagraphs K.1 through 3 of the Export Services Regulations.
- M. **Promoter** – Means an Entity or natural person that is engaged in the provision of Promotional Services, as defined in the Act and these Special Fund Regulations. To be a Promoter for purposes of these Special Fund Regulations, an Entity or natural person must be registered as a Promoter with PRIDCO, and one may not be a Promoter until he or she, or in the case of an Entity, its personnel that are intending to render Promotional Services, have completed a training program as operated by PRIDCO. Except as otherwise stated, the term “Promoter” means a Promoter under these Special Fund Regulations; this definition is not intended to apply to or limit the scope of the term “promoter” with respect to other aspects of Act 20 and the Export Services Regulations thereunder
- N. **Promotional Service** – For purposes of the Act and these Special Fund Regulations, Promotional Service has the meaning provided in the Export Services Regulations, except that services rendered to induce an Entity or natural person to purchase residential real estate shall not be Promotional Services.
 - 1. For purposes of these Special Fund Regulations, Promotional Services are any Eligible Service provided directly to a customer or client unrelated to and unaffiliated with the service provider for the purpose of assisting that customer or client in evaluating whether to become a New Business. Such service does not qualify as a Promotional Service unless the customer or client becomes a New Business. For these purposes, an unrelated person is one that is not related to the Promoter, as defined in section 1010.05(b) of the Internal Revenue Code for a New Puerto Rico (the “Code”), and an unaffiliated entity is one that is not an affiliated entity, and is not a member of a group of related entities, as defined in section 1010.05(a) of the Code. For these purposes, the percentage owned by a person shall be determined in accordance with the rules for determining ownership pursuant to the Code, including the attribution rules contained in section 1010.04(e) and (f) thereof.

IV. Certification and Determination of Eligibility Under These Regulations

- A. When a Promoter enters into an engagement with a Business to provide services that may facilitate such Business's becoming a New Business, if the Promoter wishes to obtain benefits under these Special Fund Regulations it must obtain from the Business a Certification. Such Certification shall establish that the Business is aware of the Special Fund, that the Business is aware of the possible Incentive Payments that will provide a financial gain to the Promoter, that the Business will have an exclusive and binding relationship with the Promoter, that the Business may revoke such Certification but if it does revoke such Certification the Business may not certify a new Promoter, and that no portion of any Incentive Payment made to a Promoter with respect to such Business shall be paid or otherwise inure to the benefit of the Business, directly or indirectly, or its owners, officers, directors or employees, or to any Entity or person related to the Business or its owners, officers, directors, or employees, as "related to" is defined by section 1010.05(b) of the Internal Revenue Code for a New Puerto Rico. Such Certification must include a statement as to whether the Business had a firm and fixed plan to commence operations in Puerto Rico prior to the receipt of Promotional Services from such Promoter.
- B. A Promoter cannot receive a Certification from a Business of which he is an employee, officer or director, owner of any interest therein, or to which a related person, as defined by section 1010.05(b) of the Internal Revenue Code for a New Puerto Rico, has such a relationship.
- C. When a Promoter receives a Certification, it shall, within thirty (30) days, apply to PRIDCO for a Determination of Eligibility. The application shall identify the Business to which Promotional Services are being or were rendered, the nature of such services, the date of such services that have been rendered to date, and the actual time expended providing such services to date. There must be attached to such request for a Determination of Eligibility the Certification that had been provided by an officer or owner of such Business, as well as sufficient information to establish that if the Business commences operations in Puerto Rico, it may qualify as a New Business. Such request for a Determination of Eligibility shall be in a form prescribed by PRIDCO, and may require the Business to affirm that it can qualify as a New Business, and to describe the Promotional Services it received from the Promoter, the manner in which those services influenced any decision to consider Puerto Rico as the situs for business operations or to become a New Business, and whether it had any firm and fixed plan in place to become a New Business before the first date on which it received Promotional Services.

1. For these purposes, a firm and fixed plan is one that has been formally approved by the Board of Directors or other Management Committee of the Business in question, or is reflected by the Business's having entered into binding contracts to pursue its plan to become a New Business, such as by hiring employees in Puerto Rico, entering into binding contracts to purchase or rent property from which to operate in Puerto Rico, or other similar arrangements evidencing a formal decision to commence operations in Puerto Rico.
- D. PRIDCO shall determine within thirty (30) days of the submission of such an application whether to issue the requested Determination of Eligibility, based upon its evaluation of whether the Certification is valid and whether the Promoter is a registered Promoter that has rendered Promotional Services to a Business that is eligible to become a New Business. PRIDCO shall take into account in making a determination the purposes of the Act to encourage the economic development of Puerto Rico. The applicant may appeal any negative determination by PRIDCO to the Secretary within ten (10) days of such negative determination. PRIDCO's determination shall be presumed correct and the burden shall be on the applicant to demonstrate to the Secretary that it should receive the Determination of Eligibility. The receipt of a Determination of Eligibility shall not bind PRIDCO to make any Incentive Payment to the Promoter, and the determination of whether a Promoter shall be entitled to an Incentive Payment shall be made in accordance with the procedures prescribed in these Special Fund Regulations. Only one Promoter may receive a Certification for each New Business and only one Promoter may receive a Determination of Eligibility as the Promoter authorized to receive Incentive Payments for each New Business. Notwithstanding this, Promoters may enter into multi-party agreements with other Promoters to provide promotional services jointly, and share revenues, including Incentive Payments paid under these Special Fund Regulations. Any other entity involved in such multi-party agreements must be registered as a Promoter and must satisfy the requirements stated in subparagraph IV.B.
- E. No Determination of Eligibility may be issued with respect to a Business that had a firm and fixed plan to become a New Business before the first date on which it received Promotional Services, unless PRIDCO determines, in the exercise of its discretion, that allowing the issuance of a Determination of Eligibility in such circumstances will serve the purposes of the Act and these Regulations, based upon the scope of the Promotional Services provided, their role in bringing the firm and fixed plan to fruition, and whether or not, notwithstanding the existence of a firm

and fixed plan, such plan was moving forward and was likely to be consummated absent the efforts of the Promoter.

- F. The Certification shall be effective until four (4) years after the Counting Date for Employment, unless the Business issuing such Certification revokes it. In the event a Certification is revoked, no new Certification may be issued for the same New Business. In the event a Certification is revoked, the Promoter may appeal to PRIDCO for a determination that notwithstanding the revocation, it is entitled to Incentive Payments with respect to that Certification, provided that it can provide clear and convincing proof based upon evidence contained in the Promoter File, as hereinafter defined, on the date the Certification was revoked, that it had provided substantial services to assist the Business in becoming a New Business, that the Business's becoming a New Business was imminent prior to the revocation, and that there was no good cause for the revocation of the Certification.
- G. The Determination of Eligibility shall be valid until four (4) years after the Counting Date for Employment, unless the Certification is revoked before that time or PRIDCO determines that the Promoter holding that Determination of Eligibility has failed to comply with terms these Regulations, or has otherwise failed to comply with any provision of Puerto Rico law applicable to it, including but not limited to the requirement that it satisfy all of its tax reporting and payment obligations.
- H. The Promoter shall file quarterly reports with PRIDCO (the "Promoter File") with respect to each Business it has contacted to attempt to induce it to consider bringing a New Business to Puerto Rico, as well as each Business for which it has a Determination of Eligibility, describing the Promotional Services it has rendered to that Business during that quarter, the issues and challenges faced in trying to induce the Business to become a New Business or to continue its plans once it becomes a New Business, and any other information it believes relevant to allow PRIDCO to track its efforts and their results.
- I. The Promoter shall report in writing to PRIDCO the Counting Date for Investments and the Counting Date for Employment. Such reports shall be made within thirty (30) business days of the date of the occurrence of the events determining such Counting Dates.

V. Incentive Payments

- A. PRIDCO shall make Incentive Payments to Promoters who have received a Certification and a Determination of Eligibility under these Regulations, based upon the following standards.

B. Incentive Payments for Employees –

1. A Promoter with a valid Determination of Eligibility shall receive Incentive Payments of up to one thousand five hundred dollars (\$1,500) from the Special Fund for each Employee hired by a New Business for which the Promoter has such Determination of Eligibility. Such payment shall be earned in the following fashion:
 - a. The number of Employees of the New Business for the three (3) month period beginning on the Counting Date for Employment shall be determined at the end of such period and a payment of ninety-three dollars and seventy-five cents (\$93.75) shall be made from the Fund for each such Employee. For each of the subsequent three (3) month periods during the four (4) year period after the Counting Date for Employment, the Incentive Payment shall be calculated in the same manner, using the number of Employees for such three (3) month period. The Promoter shall not receive an Incentive Payment for any three (3) month period in which the New Business has less than ten (10) employees.
2. The following example illustrates these procedures:

Example 1: Promoter A has a Determination of Eligibility for New Business B. New Business B's Counting Date for Employment is January 1, 2015. On March 31, 2015, New Business is determined to have had 12 Employees for the three month period from January 1, 2015 to March 31, 2015. Promoter A may claim an Incentive Payment for New Employees of \$1,125 for the first quarter of 2015. For the next three month period ending June 30, 2015, New Business B has 11 Employees. Promoter A may claim an Incentive Payment for New Employees for said three month period of \$1,031.25. For the next three month period ending September 30, 2015, New Business B is determined to have had 9 employees. Promoter A is not entitled to any Incentive Payment for New Employees for said quarter. Promoter A is not entitled to any Incentive Payments for New Employees with respect to New Business B for any quarter after the quarter ending December 31, 2018.

C. Incentive Payments for Investments

1. A Promoter with a valid Determination of Eligibility shall receive an Incentive Payment of \$0.001 for each one dollar (\$1.00) of Investment in Property, Plant, and Equipment made by the New

Business during the four (4) year period following the Counting Date for Investment, subject to the following limitations.

- a. Because an Investment in Property, Plant, and Equipment must be maintained by the New Business for a period of at least one (1) year, Incentive Payments for Investments shall not be paid until after the expiration of the one (1) year period of use, unless the requirements of the last sentence of Paragraph III.J. are satisfied.
- b. An Investment in Property, Plant, and Equipment shall only be counted in a single twelve (12) month period, for purposes of these regulations, and said twelve (12) month requirement must be satisfied before the expiration of the period of four (4) years from the Counting Date for Investment.
- c. The following example illustrates this subparagraph.

Example 1: Promoter A has a Determination of Eligibility for New Business B. Business B's Counting Date for Investment is January 1, 2014. From March 1 through September 10, 2014, Business B constructs a warehouse with a value of \$300,000. If Business B continues to use the warehouse for a year until September 10, 2015, Promoter A may claim an Incentive Payment for Investments of \$300 for 2014 that will accrue on September 10, 2015.

From February 1 through July 15, 2015, Business B constructs an addition to the warehouse, bringing the total value of the warehouse to \$500,000. If Business B continues to use the addition for a year, Promoter A may claim an Incentive Payment for Investments of \$500, that will accrue on July 15, 2016.

On March 1, 2015, Business B acquires for \$100,000 and has delivered to it in Puerto Rico equipment that it intends to use in its addition to the warehouse it is building when that addition is complete. If Business B continues to own that equipment and either uses or intends to use it in its Commercial Operations for Profit in Puerto Rico until at least February 29, 2016, Promoter A may claim an Incentive Payment for Investments of \$100, that will accrue on March 1, 2016.

On April 7, 2016, Business B acquires a forklift for \$100,000. Business B uses the forklift for six months, and then sells it. Promoter A will not receive an Incentive Payment for Investments for the forklift, because it was not used in the Business for a full year. The result would be the same if Business B retained the forklift but did not use it in its Business.

On July 17, 2017, Business B acquires a truck for \$100,000. Because Business B's four-year period for earning an Incentive Payment for Investments expires before the one year period for the truck runs, Promoter A will not receive an Incentive Payment for Investments for the truck.

2. Valuation – The value of Investment in Property, Plant, and Equipment that is purchased for delivery in Puerto Rico shall be determined based on the fair market value on the date of the purchase, where there is a rebuttable presumption that the purchase price is the fair market value. Property that is constructed shall be valued based upon its fair market value on the date it is placed in service in Puerto Rico. Property that is transferred from a facility owned by the New Business or its affiliate outside of Puerto Rico shall be valued based upon its fair market value on the date of its delivery to Puerto Rico. Where there is no purchase price or the purchase price is determined not to be the fair market value, fair market value shall mean the price at which a hypothetical willing buyer would transfer the property to a hypothetical willing seller, neither being under compulsion to complete the transaction and both with adequate information about the nature of the property.
3. If PRIDCO determines that a Promoter or a New Business has used a scheme or artifice artificially to inflate the Investment in Property, Plant, and Equipment for the twelve (12) month period for which the payment relates, it may in its discretion adjust the Investment in Property, Plant, and Equipment, or revoke the Certification of the New Business or registration of the Promoter.

D. Procedure for Making Incentive Payments

1. The Promoter shall submit a statement to PRIDCO reporting the number of Employees for which an Incentive Payment is claimed no later than forty-five (45) days after the end of the relevant three (3) month period, accompanied by a signed certification of such number of Employees by an officer or owner of the New Business. The Promoter shall submit a statement to PRIDCO reporting the amount of Investment in Property, Plant and Equipment for which

an Incentive Payment is claimed with respect to each investment that satisfied the twelve (12) month requirement, no later than forty-five (45) days after anniversary of the Counting Date for Investments of the year in which the twelve (12) month period with respect to that Investment was satisfied.

- a. The preceding subparagraph may be illustrated with the following Example:

The Counting Date for Investments for Promoter C with respect to New Business D is June 1, 2013. On December 31, 2014, an Investment in Property, Plant and Equipment satisfied the twelve month requirement. On January 13, 2015, another investment similarly satisfied that requirement. Promoter C must request its Incentive Payment with respect to both such investments within forty-five days of June 1, 2015, which date is the anniversary of the Counting Date for Investments of the year in which the twelve month period was satisfied with respect to that investment.

2. PRIDCO shall review each such statement and issue a determination as to the number of Employees or Investment in Property, Plant, and Equipment for which payment is owed, and the amount of such Incentive Payment, not later than sixty (60) days after the receipt of the statement required by subparagraph V.D.1.
 - a. PRIDCO shall have the authority to determine that a statement is incorrect or requires adjustment, and may also determine that the timing of hiring Employees or making Investment in Property, Plant, and Equipment was manipulated to increase the Incentive Payment and, on that basis, reduce or eliminate any such Incentive Payment.
 - b. The determination of PRIDCO shall be presumptively correct, but the Promoter shall be entitled to appeal a negative determination to the Secretary . A notice of such appeal must be provided to PRIDCO and the Secretary within five (5) business days of the issuance of PRIDCO's decision.
 - (1) The Secretary may change the determination if the Promoter presents clear and convincing evidence that the determination was in error, if PRIDCO cannot rebut such evidence.

- c. Any Incentive Payment in an amount of twenty five thousand (25,000) dollars or greater shall require review and approval by the Secretary before it may be paid.
 3. If, under the procedures of subparagraph V.D.2, PRIDCO determines that a Promoter is due an Incentive Payment for Employees or Investment in Property, Plant, and Equipment, PRIDCO shall request that the Secretary of the Treasury, or his designee, make such payment to the Promoter. The Secretary of the Treasury, or his designee, shall make such payment within thirty (30) days of the receipt of PRIDCO's instruction.
- E. The Promoter is prohibited from paying any portion of any Incentive Payment it receives to the New Business to which such payment relates, or any affiliate thereof, as affiliate is defined in the Code, or to any officer, director, or employee of such new Business or its affiliate, or any person related to such officer, director or employee, as related person is defined in the Code.

VI. Administration of the Special Fund

- A. PRIDCO shall perform those acts set out in the Regulations, and such other activities as it determines will facilitate the success of Promotional Activities in Puerto Rico, including, but not limited to, activities designed to promote directly to Businesses and to facilitate Promoters' activities.
- B. Registration of Promoters – In order to offer Promotional Services pursuant to these Special Fund Regulations, an Entity must register with PRIDCO as a Promoter under these Special Fund Regulations. Such registration is not required in order to be a promoter under Act 20 more generally.
 1. PRIDCO may establish requirements that Entities must comply with in order to be registered as Promoters. These requirements may include, but are not limited to, the completion of training and being in current compliance with the laws of Puerto Rico.
 2. List of Promoters – PRIDCO shall maintain a database containing a list of registered Promoters. Such list may contain specific information about the capabilities and expertise of each Promoter, prepared by such promoter. Each Promoter on such list shall be entitled to determine whether he, she or it wishes to be included on a version of that list available to the public on PRIDCO's website. A Promoter that elects to be included shall be a Listed Promoter. A Promoter that elects not to be included shall be an Unlisted

Promoter. A Listed Promoter may elect to become an Unlisted Promoter and vice versa by filing a request in writing with PRIDCO.

- C. When PRIDCO is contacted by a Business that is interested in doing business in Puerto Rico, it shall offer the list of Listed Promoters to such Business. PRIDCO shall maintain a list of Businesses that have contacted PRIDCO and expressed an interest in doing business in Puerto Rico. Each Business on that list may decide whether to be included on a list of interested Businesses that shall be made available to the Listed Promoters or to have the fact that it contacted PRIDCO remain confidential. A Business that has been included on the list of Businesses may request to be removed from the list.
- D. Record Certifications and Determinations of Eligibility – PRIDCO shall maintain a record of all Certifications and Determinations of Eligibility under these regulations, and shall take reasonable steps to ensure that all Incentive Payments are made in an accurate and timely manner.
 - 1. PRIDCO shall maintain a database of information including, but not limited to, contacts received by PRIDCO from Businesses; and all Certifications and Determinations of Eligibility, indicating the New Business, the Promoter, the Counting Date, the date of the Certification, whether a Certification or Determination of Eligibility has been revoked, and the Employment at the end of each subsequent three (3) month period and Investments made at end of each twelve (12) month period.
 - 2. PRIDCO shall follow the procedures established in paragraph V for making Incentive Payments.
- E. Marketing Materials and Training – PRIDCO shall provide to Promoters marketing materials and training regarding the benefits of doing business in Puerto Rico.

VII. Funding of the Special Fund

- A. The Special Fund shall be funded as described in Article 14 of Act 20 – 2012:
 - 1. During the term of Act 20 – 2012, the Special Fund will receive ten (10) percent of the collections from the income tax paid by the Eligible Businesses with a decree under Act 20 – 2012.
 - 2. The Special Fund for Economic Development of Law 73 – 2008 has contributed to the Special Fund \$5 million during fiscal year 2012, and will contribute \$5 million during fiscal year 2013.

3. The Special Fund may be funded with other funds as may be contributed by the Government of Puerto Rico.

VIII. Application of the Code for a New Puerto Rico

- A. The Code shall apply in a supplemental manner to this Act to the extent that its provisions are not in conflict with the provisions of this Act.

IX. Establishment of a Not-For-Profit Corporation to Assume PRIDCO's Responsibilities Under These Regulations

- A. The Secretary may determine that the purposes of these Regulations may be best fulfilled by the establishment of a not-for-profit corporation (the "Administrator") to perform any or all of the administrative functions of PRIDCO described herein, subject to a written agreement between the Administrator and PRIDCO. The written agreement may provide that the Administrator is compensated in part based on receiving a percentage of the Incentive Payments made to Promoters.
- B. The determinations of the Administrator regarding Certifications and rights to and amounts of Incentive Payments shall be subject to the same review procedures as described above.
- C. The duties of the Administrator may include the registration of Promoters, the maintenance of lists of Promoters, the recording of Certifications and Determinations of Eligibility, the provision of marketing materials and training for Promoters, as well as any other activities that the Secretary determines will best serve the purposes of the Act and these Regulations.

X. Severability

- A. If a court with jurisdiction declares invalid or unconstitutional any item, part, paragraph or provision of the Regulations, the decision to this effect shall not affect or invalidate the remainder thereof, and the effect will be limited to the article, part, paragraph or clause so declared, unless said declaration shall make it impossible to effectuate the intent of these Regulations.

XI. Effectiveness

- A. This Regulation shall enter into force thirty (30) days after the date of its submission to the Department of State and after compliance with the provisions of Act No. 170 of August 12, 1988, as amended, entitled "Uniform Administrative Procedure Act of the Commonwealth of Puerto Rico."