

“Puerto Rico Tourism Company Act”

Act No. 10 of June 18, 1970 as amended

(Contains amendments incorporated by:

Act No. 141 of June 3, 1976
Act No. 18 of May 27, 1985
Act No. 24 of July 29, 1985
Act No. 24 of June 26, 1997
Act No. 47 of July 25, 1997
Act No. 29 of May 6, 2001
Act No. 187 of August 17, 2002
Act No. 213 of August 29, 2002
Act No. 228 of September 19, 2002
Act No. 265 of November 16, 200
Act No. 282 of December 19, 2002
Act No. 63 of January 4, 2003
Act No. 212 of August 28, 2003
Act No. 185 of August 16, 2003
Act No. 272 of September 9, 2003
Act No. 290 of September 15, 2004
Act No. 301 of September 15, 2004
Act No. 526 of September 29, 2004
Act No. 16 of May 27, 2005
Act No. 52 of May 6, 2008
Act No. 280 of August 15, 2008)

(Amendments non-incorporated:

Act No. 170 of December 16, 2009
Act No. 167 of November 7, 2010
Act No. 256 of December 16, 2011)

To create the Puerto Rico Tourist Development Company; to establish its duties, powers, rights and obligations; to authorize transfers; to establish penalties; and to appropriate funds.

STATEMENT OF MOTIVES

The development of the tourist industry has made this activity of services one of the most dynamic and promising sectors of our economy. The encouragement from the government, the participation of private enterprise and other favorable elements, such as climate, natural beauty,

and the oceanic facilities have made tourism a force creating wealth and generating a multitude of working opportunities for all Puerto Ricans.

This industry, because of its wide economic scope, is included within the first five main sectors of our economy, and throughout the years its remarkable contribution to the export trade, to the working market, to the gross national product and to the net income of our Island has been significant. Statistics show that in 1952, the total expense of tourism in Puerto Rico was 13 million; in 1955, 23 million; in 1965, 119 million; in 1967, 167 million; in 1968, 201.7 million and in 1969, 228.5 million.

Making a conservative estimate, it is considered that the tourist industry is responsible for the creation of 14,000 new direct jobs and of 21,150 indirect jobs making a total of 35,250, and that at present tourism contributes \$96 million to the net income of our economy.

Taking all the foregoing into consideration, the potential and extraordinary scope of the economic development of the tourist industry in Puerto Rico is obvious, if the necessary and adequate steps are taken to protect permanently the competitive capacity of the island as a tourist attraction.

In an ever-growing industry having a diversity of interests and of participating sectors, in which considerable amounts of local and foreign investments are rapidly growing and in which its volume and economic social importance require long-term planning, preventive measures, efficient and adequate direction and coordination, it is necessary for this Government to declare a public positive policy with respect thereto.

This Legislature recognizes the necessity and convenience of unification, development and protection of the competitive capacity of our tourism, particularly if we take into consideration the boom which this industry is reaching abroad. Likewise, we believe it is urgent to raise the priority and administrative structure of the program to a level suitable to the importance and complexity of this economic sector.

Be it enacted by the Legislature of Puerto Rico:

Section 1. — Short title. (23 L.P.R.A. § 671)

Short Title: Puerto Rico Tourism Company Act.

Section 2. — [Creation] (23 L.P.R.A. § 671a)

A public corporation and instrumentality of the Government of the Commonwealth of Puerto Rico is hereby created under the name of "Puerto Rico Tourism Company" which shall be hereafter called the "Company".

It shall have legal existence and personality independent of the Commonwealth Government or any dependency thereof.

Section 3. — [Board; powers; composition; term; per diems] (23 L.P.R.A. § 671b)

This Board shall consist of eleven (11) members, one (1) of whom shall be a member of the Executive Committee of the Puerto Rico Hotel and Tourism Association, another of the

Executive Committee of the Puerto Rico Convention Bureau, another an artisan or artist; another shall represent the sector of Puerto Rican Country Inns (paradores); another a representative of enterprises engaged in promoting and developing internal tourism; and another shall represent the sector of tourist transportation. All members shall be appointed by the Governor of the Commonwealth of Puerto Rico, with the advice and consent of the Senate. Three (3) of the members shall not reside in the metropolitan area. In addition, four (4) of the members shall receive appointments for a term of two (2) years and until their successors are appointed and take office. The following and subsequent appointments shall be for a term of three (3) years. Any vacancy in said offices shall be filled for the unexpired term thereof, by an appointment by the Governor within a period of sixty (60) days from the date the vacancy occurs. The Governor of the Commonwealth of Puerto Rico shall appoint the Chairperson of the Board from among any of its eleven (11) members.

The members of the Board shall receive per diems of fifty dollars (\$50) for each meeting of the Board.

Within sixty (60) days after the Board is appointed, it shall meet, organize and designate its vice-chairperson. It shall also designate and fix the compensation of an executive director and a secretary, neither of whom shall be members of the Board. The Board shall delegate to the executive director all such powers and duties as it deems appropriate to fully execute the Government's public policy on tourism.

Six (6) members of the Board shall constitute quorum to conduct the meetings thereof, and every agreement shall be reached by the majority of the attending members.

Section 4. — [Executive Director] (23 L.P.R.A. § 671c)

The Executive Director of the Company shall be appointed by the Board and shall exercise the office at the will of the Board. He shall be selected exclusively on the basis of his merits, which shall be determined taking into consideration the technical preparation, skill, experience, and other aptitudes which qualify him particularly to carry out the purposes of this Act.

He shall be the executive officer of the Company; he shall have all powers and duties assigned to him by the Board; he shall be responsible to the latter for the execution of its policy and for the general supervision of the operational phases of the Company; he shall be in charge of the general supervision of the officers, employees, and agents of the Company; and he shall attend all meetings of the Board, but without voting rights.

Section 5. — [Rights, duties, and powers] (23 L.P.R.A. § 671d)

The Company shall have and may exercise the rights, duties and powers that are necessary or convenient to promote, develop and improve the tourist industry, including, without limiting, the following:

- (a) To have perpetual succession.
- (b) To adopt, alter, and use a corporate seal of which judicial notice shall be taken.
- (c) To formulate, adopt, amend, and repeal rules and regulations, as provided herein, to govern the internal operation as well as such rules and regulations to exercise and discharge the powers, duties, and other tourist functions which by law are granted and imposed.

(d) To appoint all its officers, agents, and employees, and to grant them the powers and authorities which it may deem proper; to impose their duties and responsibilities; to fix, change, and pay, adequate compensation; and to regulate all personnel matters without being subject to the laws which govern the personnel office of the Commonwealth, or to the rules and regulations promulgated by said office, except those of general character applicable to public corporations. Said officers and employees shall be classified in the exempt service.

(e) To sue and be sued.

(f) To have full control and intervention over all its properties and activities, including the power to determine the use and investment of its funds, and the nature and necessity of all the expenses and how they shall be spent, authorized and paid, without taking into consideration any provision of law regulating the public fund disbursements. This determination shall be final and conclusive.

(g) To enter into contracts and perfect all such instruments as may be necessary or convenient in the exercise of any of its powers.

(h) To acquire property in any legal manner, including the exercise of condemnation, to possess and administer them as it deems most convenient, and to dispose of them and convey them whenever, and under such conditions as it considers necessary and appropriate.

(i) To acquire, possess and dispose of shares, rights, contracts, bonds, or other interests in any company, corporation or entity, and to exercise any legal power in relation thereto; to exercise partial or whole control over companies, associations, or subsidiary corporations, for profit or nonprofit purposes, affiliates or associates, when said arrangements may be necessary or convenient to adequately carry out the purposes of the company. It may delegate any of its rights, powers, functions, or duties, to a subsidiary entity which is subject to its whole control, except the right to institute condemnation proceedings.

(j) Whenever the board deems it necessary, to create subsidiary corporations to fully comply with the mission that this Act provides.

(k) To prepare, or cause to prepare or modify plans, projects, and budgets of the cost of the construction, reconstruction, extension, addition, improvement, enlargement or repair or any work of the Company, by means of contract or under the direction of its own officers, agents and employees, or through or by means of the latter.

(l) To make loans for any of its corporate purposes or to consolidate, restore, pay or liquidate any of its obligations; to guarantee the payment of obligations by means of liens or mortgages of any or all of its contracts, leases, income, or properties, to grant and deliver trust instruments and other agreements with regard to any of said loans, bond issues, notes, obligations, and by the power herein granted by the Commonwealth of Puerto Rico to issue its own bonds, notes, mortgage bonds or other obligations, in the form, with the security and under such redemption terms, with or without the payment of premiums, and to sell the same at public or private sale for the price or prices, as determined therefor by its board of directors. Provided, That in every debt emission of the company, the Government Development Bank for Puerto Rico shall act as the company's fiscal agent as provided in Act No. 272 of May 15, 1945, as amended [7 L.P.R.A. §§ 581--595].

(m) To accept gifts and make contracts, leases, agreements, or other transactions with any federal agency, with the government of the United States, with the Commonwealth of Puerto Rico, its agencies or political subdivisions, and to invest the proceeds of said gifts or transactions in any of its corporate purposes.

(n) To accept, receive, take charge, carry out and conduct, all its functions, faculties, obligations, bureaus, offices, agencies, dependencies, personnel, funds, gifts, properties of any kind which are as signed, conveyed, or transferred by law, by the Governor of Puerto Rico, by any federal agency or by the Government of the United States.

(o) To administratively propose, recommend, adopt, and coordinate with other agencies, departments, or any pertinent government body, any measures directed, among others, to the following aspects:

(1) To develop the quality and the just and reasonable compensation of the products in the tourist traffic.

(2) Maintenance of the proper hygienic and health conditions in the tourist facilities and others related to the industry.

(3) Conservation of the natural beauties and of the environmental health.

(4) Improvement in the services of public cleanliness of streets, parks, beaches, plazas, walks, lakes, forests, and other tourist places.

(5) To establish and execute, in coordination with the Department of Transportation and Public Works and the Highway Authority, a plan for marking and identifying streets and tourist, historical and cultural interest areas with international symbols, in agreement with the tourist marking system established by the World Tourism Organization and the federal government of the United States of America. Additionally, to prepare maps and information publications, printed and electronic, including internet pages, in Spanish, English and any other language that the [Tourism] Company deems necessary after performing a market study.

(6) Maintenance of order and protection to the persons and to the property.

(7) Improvement in the services of communication and transportation by air, sea, and land, including travel agencies and tourist excursions, not only for the increment of tourism, but also for the incentive of the participation in the industrial and commercial activities of Puerto Rico.

(8) Improvement in hotel and restaurant services, including safety rules, claims, and other facilities of attention and lodging.

(9) To obtain the maximum benefit of the natural resources and the different regions of the Island by virtue of a proportionate distribution of hotel facilities and tourist services. In addition, it shall actively promote and market ecotourism and ecotourism projects, as defined in subsection (n) of Section 3 of Act No. 340 of December 31, 1998.

(p) To loan money and secure loans granted by financial institutions to any person, firm, corporation, or other organization, through a program of loans and security on loans program to enterprises of interest to tourism in Puerto Rico, when such loans are to be used to promote, develop and improve Puerto Rico's tourist industry. Any loan or security to be granted by the company shall be approved by the board, and shall meet all terms and conditions established by the Board by regulations.

(q) To solicit that the tourism enterprises endorsed by the Company that operate in Puerto Rico, which shall be bound to supply the necessary statistical information, be it through electronic or manual means, to develop a data base that would contribute to the effective marketing and planning of the tourist activity. If through manual means, the Company shall establish, through regulations, a reasonable transition period until the collection of the statistics through electronic means has been completed.

- (r) Said information shall be of a confidential nature and the aggregate amounts shall be made available to the tourist enterprises that supplied them, as well as to potential investors in order to help them develop their plans. To hold public hearings, summon witnesses, issue orders, resolutions and decisions and perform any other duties of a quasi judicial nature that would be necessary to implement the provisions of this Act.
- (s) To impose, determine, fix, assess, collect, supervise, distribute, regulate, investigate, intervene and sanction the tax on the room occupancy rate, as provided in Act No. 272 of September 9, 2003, known as the "Commonwealth of Puerto Rico Room Occupancy Rate Tax Act".
- (t) To conduct adjudicative hearings to hear complaints against any person under its jurisdiction, motu proprio or at the request of an interested party, as provided in this Act, and to impose appropriate sanctions or fines according to the regulations promulgated to those effect[s] pursuant to Act No. 170 of August 12, 1988, known as the "Uniform Administrative Procedures Act of the Commonwealth of Puerto Rico".
- (u) To investigate, issue summons, require documents believed pertinent and declare evidence void motu proprio or in representation of the person who initiated the complaint.
- (v) Make effective and implement an administrative structure with full powers to supervise the laws and regulations approved pursuant thereto and resolve those complaints brought before its consideration and grant the pertinent remedies according to law.
- (w) Establish the rules and norms needed to carry out the administrative proceedings it conducts, be they regulatory or adjudicatory, according to the provisions of Act No. 170 of August 12, 1988.
- (x) Issue orders to compel the appearance of witnesses and the production of the required documents and information.
- (y) Introduce any legal remedies needed to make the purposes of this Act effective and ensure that the rules, regulations, orders, resolutions and determinations of the Company are complied with, including the power to impose sanctions pursuant to the provisions of Act No. 170 of August 12, 1988.
- (z) Establish and maintain a register of the authorizations granted, including as well those that have been cancelled or suspended. Any authorization of the Company shall be subject to an administrative action for suspension, cancellation or cease of operations in the case of noncompliance with the norms in effect by the entities to which an authorization has been granted.
- (aa) Require that travel agents and wholesalers include the number and type of license that authorizes them to operate in Puerto Rico, in any travel offer promotion published in the media of the Island, as well as an itemized breakdown of all components of the travel offers.
- (bb) Establish a program for the certification, promotion, marketing and continuing education aimed at tour guides. In addition, it shall provide continuing education courses for the betterment of the profession. In order to achieve due compliance with the provisions of this subsection, the Company is hereby authorized to establish a Tour Guide Council, presided by the Executive Director of the Company and composed of tour guides and representatives of the tourist transportation sector and by the sectors of the tourism industry he/she deems pertinent, which shall serve as a permanent discussion forum, to contribute, among other things, to the regulations for regulating everything concerning the tour guide certification provided for in Section 6 [23

L.P.R.A. § 671e], and to develop a plan for the betterment and professional training of tour guides.

Section 6. — [Responsibilities] (23 L.P.R.A. § 671e)

The Company shall be responsible for:

(1) Adopting, participating, organizing, and encouraging promotional programs and tourist attraction programs, such as the preparation and publication of books, magazines, pamphlets, maps and printed matter of all kinds and films, which may be distributed, circulated, and exhibited on the Island as well as in other countries.

(2) Participating, organizing, coordinating, and encouraging promotion programs and tourist attractions whose themes and principal objectives are the native motives, the artistic and cultural production and the distinctive characteristics of our country, in order to make visitors take an interest in our history, culture, and personality of the people.

(3) To inquire into the opinion that tourists have formed of the country after a visit or several visits; the most common problems that they meet; the criticism which they express; and the constructive measures which may be carried out in that respect.

(4) To make scientific researches on the tourism potentiality and its demand, as well as on the facilities of the Puerto Rican industry to meet these demands for services.

(5) The promotion of the training of the personnel needed for tourist activities, as well as to promote the opportunities and executive training of employees in the hotel industry. To coordinate with the Department of Education, the establishment of a hotel management and tourism school at a vocational and technical level, to promote the training and retraining of the human resources of the Puerto Rican tourism industry.

(a) Establishing an Advisory Board of a consultive nature that shall make recommendations to the Department of Education on the content of the curricula and programs according to the needs of the tourism industry. This Board shall be composed of nine (9) members: the Executive Director of the Tourism Company of Puerto Rico, who shall preside it; the Secretary of the Department of Education, who may delegate his/her representation on the Secretary of Vocational Instruction; the Chairman of the Hotels and Tourism Association of Puerto Rico; the Chairman of the Puerto Rico Travel Agents Association; the Dean of the Department of Hotel and Restaurant Administration of the University of Puerto Rico in Carolina, who may delegate his representation on the Director of the Program; the Administrator of the Future Workers and Entrepreneurs Training Administration; and the Secretary of the Department of Labor and Human Resources; a representative of the tourist guides and a representative of land tourist transportation, who shall be appointed by the Director of the Tourism Company of Puerto Rico.

(b) Terms. The members of the public sector appointed by virtue of this Act shall hold office for the term of their appointments as Secretaries or Directors of the aforementioned agencies. The members of the private sector shall hold office for the term of their appointments as chairpersons of the Association. Representatives of the tourist guide and land tourist transportation sectors shall hold office for two (2) years.

(c) Organization of the Board. Within a period which shall not exceed thirty (30) days from the approval of this act, the Chairman of the Board shall convoke Board members to meet,

organize and establish bylaws for its administration, pursuant to the Uniform Administrative Procedures Act, [3 L.P.R.A. §§ 2101 et seq.].

(d) Meetings. The Board shall meet at least, but without limitation, four (4) times per year, in special meetings convened by the majority of the members, when necessary. All regular and special meetings shall be notified to all Board members and to any other person, as determined by the Board.

(6) Issuing certificates accrediting that the hotels, condohoteles, resorts, paradores, rural tourism lodges, guesthouses, tourist villas and other tourist facilities and activities meet the requirements established through regulations by the Company for promotional purposes concerning such matters as the classification and the category of the quality of the services, the physical facilities, the hygienic and sanitary conditions and the safety and protection of the public that visits them. This authority must not be construed to be limitative of similar functions of any other government agencies or entities, since the categories and classifications fulfill a promotional purpose; however, the establishment of categories or classifications neither makes the Company responsible for the functions of all other government agencies or entities.

(7) Studying, preparing, reviewing, and coordinating all legislation which affects or may affect, or which in any manner is related to the tourist industry, and to make the necessary and pertinent recommendations to that effect.

(8) Studying, proposing and coordinating with the Planning Board, a regulating plan for tourism promotion and development in Puerto Rico. It is provided that the company shall establish, in coordination with the municipalities, municipal and regional tourism committees to integrate the community into the process of tourism planning and development. Said committees shall be governed by regulations to be issued for such purposes by the Tourism Company, and shall be composed of representatives of the hotel industry and paradores, restaurants and the commerce and banking sector, transportation, historians, architects, planners, environmentalists and artisans, among others, no later than sixty (60) days after the regulation takes effect. The participation of at least one representative of the residents is hereby guaranteed.

(9) To advise the Minimum Wage Board in connection with determinations which said Board might make concerning the tourist industry.

(10) Regulating, investigating, overseeing, intervening and imposing sanctions to those juridical persons or entities engaged in rendering tourist ground transportation services in the Commonwealth of Puerto Rico.

(11) The development of a Nature Tourism Program, in coordination with the Executive Director of the Puerto Rico National Parks Company, which shall promote and sell this type of tourist attractions, without being limited to those within the Puerto Rico National Parks System; and shall conduct an inventory of said tourist attractions.

(12) The promotion and advertising of ecotourist projects that have been duly certified by the Secretary of the Puerto Rico Department of Natural and Environmental Resources.

(13) Regulating, investigating, intervening and sanctioning those persons or entities dedicated to the sale or offering for sale within Puerto Rico of travel [by] air, land or aquatic transportation tickets to persons for places in Puerto Rico, or abroad, or who make lodging, entertainment or land transportation reservations, or prepare and sell integral travel or tours within Puerto Rico, or abroad.

(14) Approving regulations for regulating everything concerning tour guide certification in the Commonwealth of Puerto Rico.

(15) Establishing, composing, and organizing the Puerto Rico Sports Tourism Council, which shall have the duty to draft the public policy on sports as a segment for economic investment and the projection of the Island as destination. It shall draft, in turn, the strategic plan for conducting sports tourism activities with the potential of attracting economic benefits and promotion for the Island and promote the development of infrastructure and facilities suitable for holding different kinds of local and international sports events. Creating an inventory of existing sports infrastructure and further the same for holding sports events from abroad; evaluating recommendations for investment by financially supporting different sports events.

(a) The Sports Tourism Council shall be composed of the following eight (8) members: the Executive Director of the Puerto Rico Tourism Company, who shall preside the same and render support services pertaining to the Office of the Secretary of the Council regarding minutes and agreement follow-ups; the Secretary of the Department of Economic Development; the Secretary of the Sports and Recreation Department; the Chair of the Puerto Rico Olympic Committee; the Commissioner of Municipal Affairs; and the Executive Director of the Puerto Rico Convention Bureau; and two (2) members of the private sector who shall represent the public interest, one of whom shall have at least five (5) years of experience in the fields of advertising, public relations and marketing of events of broad international projection and the other one shall have five (5) years of experience in the administration of sports facilities suitable for holding world-class events. Provided, further, That the majority of the members comprising the Council shall constitute a quorum.

(b) The members of the Sports Tourism Council shall hold their offices for the term of their appointments as secretaries or directors of the above said agencies and entities. Any person appointed to fill a vacancy shall discharge his/her functions for the remainder of the term of the member he/she is succeeding, and in the event the term to hold the office or position to which he/she was appointed has expired, he/she may continue discharging such functions until his/her successor is appointed and takes office. Any vacancies in the Sports Tourism Council in no way shall impair the rights of any other members to exercise their rights and carry out their duties and exercise their authorities.

(c) The Sports Tourism Council shall hold at least one regular meeting on a quarterly basis. Special meetings may be called by the chair or the majority of the members of the Council. Prompt notice shall be delivered regarding all regular or special meetings to all members as well as to any other such, as the members may determine.

(d) On or before March 31 of each year, the Sports Tourism Council shall render to the Governor and the Legislature of the Commonwealth of Puerto Rico an annual report on the acts and actions taken to fully comply with the duties entrusted by this subsection. Said report shall comprise the calendar year immediately preceding the term for filing and shall include a detailed account of the measures implemented and the issues addressed to attain its objectives.

Section 7. — [Personnel] (23 L.P.R.A. § 671f)

(a) The appointments, removals, promotions, transfers, layoffs, reinstatements, suspensions, leaves of absence and changes of category, remuneration or the officers and employees of the Company shall be made and permitted as provided by the rules and regulations of the Company.

(b) The officers and employees of any agency or dependency of the Commonwealth of Puerto Rico may be appointed by the Company without need of examination.

The state officers or employees who may be appointed by the Company and who prior to the appointment might be beneficiaries of any existing pension system or systems; retirement or saving loan fund, shall continue, after said appointment, to have the same rights, privileges, obligations, and status, with respect thereto, which the law prescribes for officers and employees who hold similar positions in the Commonwealth Government; except that if within the term of six (6) months after said appointment an intention is expressed to remove them from the service, in that case his position with respect thereto shall correspond to the position of the officers or employees who resigned or are removed from the Commonwealth Government.

Any employee appointed by the Company who, at the time of his appointment, was holding or had held a position in the Commonwealth Government or had any right or status under the Personnel Office, shall maintain the same condition with respect to the Commonwealth Government which he had at the moment of entering the service of the Company, or those most advantageous which the Personnel Office considers pertinent to the rank or position held in the Company.

Any officer and employee appointed for positions in the Company who at the moment of his appointment had or subsequently might acquire any right or status under the rules and classifications of the Office of Personnel, to be appointed for any similar position in the Commonwealth Government, shall have, when he so requires, the rights, privileges, obligations, and status, with respect to becoming a beneficiary of any existing pension, retirement, or savings and loan fund, system or systems, as if he had been appointed for such a similar position in the Commonwealth Government.

(c) The officers and employees of the Company shall be entitled to per diem payments which are authorized or approved in accordance with the regulations of the Company.

Section 8. — [Public Hearings] (23 L.P.R.A. § 671g)

Pursuant to Section 5 [23 L.P.R.A. § 671d], the bylaws which the Board may deem necessary and convenient to adopt for the efficient exercise of the powers and duties which by this Act are imposed on the Company, and which by their nature affect third persons, shall be subject to the following procedure: Public hearings shall be held upon notice, at least five (5) days in advance, of the date, place, and nature thereof, by publishing them in a newspaper of general circulation in Puerto Rico.

After the public hearings are held and the rules are adopted by the Board and approved by the Government of Puerto Rico, they shall take effect after compliance is had with Act No. 170 of August, 1988, as amended, [3 L.P.R.A. §§ 2101 et seq.].

Section 9. — [Recommendations] (23 L.P.R.A. § 671h)

The Company shall recommend the granting of loans, by any government or private entity, authorized to grant them to any natural or artificial person engaged in tourist activities in Puerto Rico, for the purchase, establishment, maintenance, reconstruction, and improvement of facilities and equipment.

Section 10. — [Funds; accounting; examination of accounts] (23 L.P.R.A. § 671i)

All the money of the Company shall be entrusted to recognized depositaries of the funds of the Government of the Commonwealth of Puerto Rico, but they shall be kept in a separate account or accounts and be registered in the name of the Company. The disbursements shall be made by the latter in accordance with the regulations and budgets approved as provided by this Act.

The Company, in consultation with the Secretary of the Treasury, shall establish an accounting system necessary for the adequate control and statistical record of all the income and expenses administered or controlled by the latter. The accounts shall be kept in such a manner that they may be segregated in accordance with the different kinds of activities carried out.

The Comptroller of the Commonwealth of Puerto Rico shall examine, at least once a year, all the accounts and books of the Company, and shall inform the Board, the Governor, and the Legislature of the result of his examination.

Section 11. — [Reports] (23 L.P.R.A. § 671j)

The Company shall submit to the Governor and to the Legislature, during the beginning of each legislative session, the following reports:

- (a) Financial condition.
- (b) Businesses carried out during the preceding year.
- (c) State and progress of all its enterprises and activities since the creation of the Company or from the date of the last report.

The Company shall also submit to the Governor and to the Legislature, on such occasions as may be required, official reports of their businesses and activities; Provided, That the Company shall submit to the Legislature during the month of January 1973, a complete report on all the enterprises and activities carried out from its creation, and the evaluation and recommendations which it may deem pertinent with respect to its organization and operation.

Section 12. — [Responsibility for Debts] (23 L.P.R.A. § 671k)

The debts and other obligations of the Company shall not constitute debts or obligations of the Commonwealth, nor of any of its municipalities or other political subdivisions, and the latter shall not be liable with respect to them, it being understood that said debts and obligations shall not be payable from funds other than those of the Company.

Section 13. — [Acquisition of property] (23 L.P.R.A. § 671l)

Every work, project, personal or real, corporeal or incorporeal property with its corresponding accessories, which the Company may deem necessary to acquire, use or administer, shall be declared of public utility by this Act and they may be condemned by the Company or by the Commonwealth, at its request, without the previous declaration of public utility.

When, in the judgment of the Company, it should be necessary to take immediate possession of the property to be condemned in Puerto Rico, it shall request the Governor who, on behalf of the Commonwealth of Puerto Rico, shall acquire them. The Governor shall have the power to acquire, by any means authorized by law, for the use and benefit of the Company, the property

and real rights which may be necessary and proper to carry out the purposes and objects thereof. The Company shall in advance place at the disposal of the Commonwealth of Puerto Rico, the necessary funds which may be considered as the value of the property or rights to be acquired. The difference in value which may be decreed by the court may be paid by the Commonwealth Treasury, but the Company shall be bound to refund the difference to the latter. Once the full refund is made, the title of said property shall be transferred to the Company, by order of the court, upon evidence to that effect. In such cases where the Governor deems it necessary and convenient that the title over the property or rights thus acquired be directly registered in favor of the Company to expedite the accomplishment of the objects and purposes for which it was created, it may so request the court at any time within the condemnation proceeding, and the latter shall so order. The power conferred hereunder shall not limit or restrict, in any manner whatsoever, the Company's own power to acquire property.

The condemnation proceedings instituted under the provisions of this Act shall be prosecuted in accordance with the provisions of the General Condemnation Act of March 12, 1903, as amended [32 L.P.R.A. §§ 2901-2913]

Section 14. — [Transfer of public property] (23 L.P.R.A. § 671m)

The Commonwealth of Puerto Rico, its agencies and political subdivisions, are hereby authorized to assign and convey to the Company, at the request of the latter, and under reasonable terms and conditions, with the approval of the Governor without need of a public auction, any property or interests thereon, including property already devoted to public use, which the Company believes necessary or convenient to carry out its own purposes.

The Secretary of Transportation and Public Works shall transfer to the Company, free of charge, as if they were contributions from public funds and upon the approval of the Governor of Puerto Rico, the lands of the Commonwealth which in the opinion of the Company may be deemed necessary to carry out its projects and purposes.

These provisions shall not be construed in the sense of authorizing the assignment or conveyance of property devoted to other purposes by legislative fiat, nor shall they limit or restrict in any manner whatsoever the Company's own power to acquire property.

The Secretary of Transportation and Public Works shall submit to the Legislature every year a statement of the properties assigned and conveyed to the Company by virtue of the authorization contained herein and the value of said property.

Section 15. — [Liens on properties] (23 L.P.R.A. § 671n)

The Company shall be subject to all the obligations and liens of the properties transferred to it and shall not take any action to impair the obligations and contractual duties imposed or assumed by the Commonwealth.

Section 16. — [Exemption from payment of taxes] (23 L.P.R.A. § 671o)

It is hereby resolved and declared that the purposes for which the Company is created and any subsidiary corporations organized and controlled by the latter, and any activities developed by the Company and its subsidiaries, are for public purposes and activities on the general behalf of

the Commonwealth of Puerto Rico. Therefore, the properties and activities of the Company and any subsidiary organized and controlled by the latter, in conformance with the provisions of this Act, shall be exempt from the payment of any fees, tariffs or duties, whether state or municipal, as well as from any tax.

The Company shall also be exempt from the payment of fees for the prosecution of judicial proceedings, the issuance of certificates in all the offices of the Commonwealth of Puerto Rico and the execution and registration of any public document in any public registry.

Section 17. — [Transfer of personnel and property from Tourism Department] (23 L.P.R.A. § 671p)

All the personnel, equipment, material, files, functions, property, obligations, and budgetary funds of the Tourism Department of the Economic Development Administration are hereby transferred to the Company. Likewise, the powers and duties which are at present exercised by the Economic Development Administration under Act No. 221 of May 15, 1948, as amended [15 L.P.R.A. §§ 71-79] are transferred to said Company.

Said transfer shall be carried out within sixty (60) days from the date of approval of this act by executive order of the Governor of Puerto Rico and notice to the Legislature.

Section 18. — [Rights of transferred personnel] (23 L.P.R.A. § 671q)

The officers and employees of the Tourism Department of the Economic Development Administration who are transferred to the Company by virtue of this Act shall receive at least the same compensation that they received at the time of the effectiveness of their transfer and shall continue enjoying any benefit in any retirement system or any savings and loan plan of which they had been a member, and any other right, privilege, obligation, and status, with respect to the functions that they have been discharging in the Tourism Department.

Section 19. — [Prohibition of injunction] (23 L.P.R.A. § 671r)

No injunction shall be issued to enjoin the application of this Act or any part thereof.

Section 20. — [Penalties] (23 L.P.R.A. § 671s)

Any person violating any of the provisions of this Act, as well as of its regulations, shall be guilty of a misdemeanor and if convicted, shall be punished with a fine of not less than one thousand dollars (\$1000), nor greater than three thousand dollars (\$3000), or jail for a period of not less than one (1) month or more than six (6) months, or both penalties, at the discretion of the court.

The Puerto Rico Tourism Company is hereby empowered to withdraw its endorsement from the enterprises who enjoyed it if they persist in not supplying the required statistics to the Company on three (3) consecutive occasions.

Section 21. — (23 L.P.R.A. § 671 note)

The existing regulations adopted by the Economic Development Administration applicable to the Tourism Department, as well as the regulations adopted under Act No. 221 of May 15, 1948, as amended, shall continue in force as a means to implement this act in whatever is not in conflict with it and until they are substituted, amended, or repealed by the Company.

Section 22. — [Repealed, Act 24-1977]

Section 23. — [Appropriations] (23 L.P.R.A. § 671 note)

The sum of one million, two hundred fifty thousand (1,250,000) dollars is hereby appropriated to the Company from any unencumbered funds in the Commonwealth Treasury, in order that it may comply with the provisions of this act.

Section 24. — This act shall take effect immediately after its approval, but while the transfer is pending, the Tourism Department shall continue operating as in the present.

Note. This compilation was prepared by the Puerto Rico OMB staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text. Compiled by the Office of Management and Budget Library.