

Section 77 of Act No. 2, approved January 20, 1956, as amended,<sup>42</sup> to read as follows:

“Section 77.—Powers of Administration

For the purposes of the administration of this act, the Secretary is authorized, to the extent he finds it necessary, to

- (a) . . . . .
- (f) *Seize*. Seize and sell at auction, or destroy:
  - (1) . . . . .
  - (7) Any article displayed for sale in a fixed place or through peddling (1) without the peddler having the corresponding internal-revenue license, or (2) without having been able to verify the payment of the tax established in this act.
- (g) . . . . .”

Section 2.—This act shall take effect immediately after its approval.

*Approved May 10, 1976.*

**Commonwealth—Bonds and Promissory Notes;  
Payments of Principal and Interest**

(H.B. 1961)

[No. 39]

[*Approved May 13, 1976*]

**AN ACT**

To provide for the monthly transfer to the “Special Fund for the Amortization and Redemption of General Obligations Evidenced by Bonds and Promissory Notes” of the necessary funds for the payment of the principal of and interest on bonds and promissory notes issued by the Commonwealth of Puerto Rico, and that the moneys covered into said fund be withheld and used to make said payment by a depository agent.

*Be it enacted by the Legislature of Puerto Rico:*

Section 1.—

The Secretary of the Treasury of Puerto Rico shall transfer, on

<sup>42</sup> 13 L.P.R.A. § 4077(f)(7).

or before the last day of each month of each fiscal year, from the General Fund of the Treasury of the Commonwealth of Puerto Rico to the “Special Fund for the Amortization and Redemption of General Obligations Evidenced by Bonds and Promissory Notes”, created by Act No. 269, approved May 11, 1949, as amended,<sup>43</sup> an amount equal to (i) one-sixth (1/6) of the interest to be paid during the next six months, and (ii) one-twelfth (1/12) of the principal to be paid or required to be amortized during the next 12 months, of all bonds and promissory notes, except savings bonds, of the Commonwealth, secured by the good faith and credit of the Commonwealth; Provided, however, that this transfer shall not exceed the amount needed, if any, in order that the amount covered into said Special Fund, including the amount covered by reason of taxes collected or other funds, but excluding all accrued interest, deposited pursuant to Act No. 269, approved May 11, 1949, as amended, or any other law, which equals the amount that would be covered into said Special Fund, if the monthly transfer were made in the amounts required in the preceding subdivisions (i) and (ii). Said monthly transfers shall be accumulative and the amount of any deficiency incurred in any transfers, if any, shall be included in the transfers that would, otherwise, be required in subsequent months, until such deficiency is fully paid.

All accrued interest received by the Commonwealth of Puerto Rico from the proceeds of the sale of said bonds and promissory notes when issued by it shall be covered into said Special Fund.

Section 2.—

The moneys covered into said Special Fund shall be disbursed only for the payment of the principal of and interest on bonds and promissory notes issued by the Commonwealth and to which its good faith and credit have been pledged.

Section 3.—

The moneys covered into said Special Fund shall be kept in trust by the Government Development Bank or by the bank or banks or trust companies within or outside Puerto Rico (depository agent) having a combined capital and surplus of not less than twenty-five million (25,000,000) dollars that the Secretary of the Treasury may designate to make the disbursements provided in section 2 hereof.

All moneys deposited with the depository agent in excess of the amount secured by the Federal Deposit Insurance Corporation or

<sup>43</sup> 13 L.P.R.A. §§ 402-404.



other federal agency shall be continuously insured in behalf of the Commonwealth by (a) lodging in a bank or trust company acceptable to the Secretary of the Treasury of Puerto Rico and to the depositary agent as custodian, or, if then permissible by law, by separating under the control of the trust department of the bank holding the lodging as collateral, government debentures, or, with the approval of the depositary agent, other salable securities acceptable to guaranty the funds deposited in trust under the regulations of the Money Controller of the United States of America or under the regulations of the states or of the Commonwealth, having a market value (excluding accrued interest) of not less than the amount of such deposit, or (b) if not permissible under the applicable laws to offer the guaranty provided under clause (a) hereof, in any other manner required or permitted under the federal, state, or Commonwealth laws or regulations relative to the guaranty for, or granting preference in the case of, a deposit of funds in trust.

Section 4.—

The moneys covered into the Special Fund shall be invested and reinvested by the depositary agent in Government debentures or in time deposit certificates that the Secretary of the Treasury may from time to time determine and which shall fall due or are subject to redemption at the option of the holder thereof not later than on the respective dates when such moneys are required for the purposes of this act. The income obtained and any earnings derived from such investments shall remain in the said Special Fund.

Section 5.—

The terms "Government Debentures" and "Time Deposit Certificates" shall have the meaning hereinbelow set forth:

(a) "Government Debentures" shall mean (i) direct obligations of, or obligations whose principal and interest are unconditionally secured by, the Government of the United States; (ii) bonds, IOU's (*vales*) or promissory notes issued by any of the following federal agencies: "Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States Government, National Mortgage Association, Federal Land Banks, or the Federal National Mortgage Association" (including share certificates issued by said association); and (iii) any other obligation issued or unconditionally secured as to principal and interest by an agency or a person controlled or supervised by the Government of the United States pursuant to authority granted by the Congress.

(b) "Time Deposit Certificate" shall mean time deposits, deposit certificates or similar agreements with the depositary agent or with any bank or trust company member of the Federal Deposit Insurance Corporation having a combined capital and surplus of not less than twenty-five million (25,000,000) dollars.

Section 6.—This act shall take effect July 1, 1976.

*Approved May 13, 1976.*

**Commonwealth—Bonds; Guarantee of Payment  
of Principal and Interest**

(H.B. 1975)

[No. 40]

[*Approved May 13, 1976*]

AN ACT

To amend Section 1 of Act No. 12 of May 9, 1975, by increasing the guaranty of the Commonwealth of Puerto Rico for payment of the principal of and interest on notes or other obligations to be issued by the Government Development Bank of Puerto Rico to an amount not exceeding \$450,000,000.

*Be it enacted by the Legislature of Puerto Rico:*

Section 1.—Section 1 of Act No. 12 of May 9, 1975<sup>44</sup> is hereby amended to read as follows:

"Section 1.—

The Commonwealth of Puerto Rico hereby guarantees payment of the principal of and interest on notes or other obligations for borrowed money in an aggregate principal amount not exceeding \$450,000,000 of such notes or other obligations outstanding at any time, to be issued by the Government Development Bank for Puerto Rico from time to time for any of its authorized purposes and to mature not later than ten years from their date or dates. The notes and other obligations covered by this guaranty shall be those specified by the Government Development Bank for Puerto Rico and a statement of such guaranty shall be set forth on the face of such

<sup>44</sup> 13 L.P.R.A. § 62.