

(H.B. 340)  
(Conference)

**(No. 46)**

(Approved July 25, 1997)

### **AN ACT**

To amend Sections 5 and 9 of Reorganization Plan No. 4 of June 22, 1994; to add a subsection (c) and redesignate subsection (c) as subsection (d) of Section 4; amend the second paragraph of Section 5; add a new Section 9, and renumber Sections 9, 10, 11, 12, 13, 14, 15, 16 and 17 as Sections 10, 11, 12, 13, 14, 15, 16, 17 and 18, respectively, of Reorganization Plan No. 3 of June 22, 1994, in order to attach the Office of the Inspector of Cooperatives to the Department of the Treasury.

### **STATEMENT OF MOTIVES**

Several agencies were reorganized under Reorganization Plan No. 3 of June 22, 1994, to create a new umbrella department under the direction of the Department of the Treasury. As part of said Plan, the operation of the Cooperative Savings and Credit Unions was transferred to the Office of the Commissioner of Financial Institutions, a responsibility which until that time had been delegated on the Office of the Inspector of Cooperatives. The latter retained the supervision and inspection of service and other types of cooperatives and was attached to the Cooperative Development Administration, an entity which was attached to the Department of Economic and Commercial Development through Reorganization Plan No. 4 of June 22, 1994.

As part of the evaluation process of the reorganization plans, this Legislature presented the Report on the Evaluation of Senate Bill No. 1293 of February 23, 1996, of the Committee on Tourism, Commerce, Industrial Development and Cooperatives, which it was recommended that the Office of the Inspector of Cooperatives be attached to the Department of the Treasury in harmony with the reorganization policy established by the Executive Branch of our Government. This was due to the fact that the functions of the Office of the Inspector of Cooperatives coincide and are similar in nature to those of the agencies which constitute the Umbrella Department of the Treasury. Prior to that, the Umbrella Departments of Economic Development, Commerce, and the Treasury, while appearing before the Joint Legislative Committee on Reorganization, had already stated they were in favor of having the Office of the Inspector of Cooperatives become a part of the Umbrella Department of the Treasury, in harmony with Reorganization Plan No. 3 of June 22, 1994.

In this regard, it is important to note that the purpose of the Department of Economic Development and Commerce, through the efforts of its directors and all its components, is to implement a new economic model through the reorganization of those executive dependencies charged with planning, coordinating and formulating policies and strategies geared to promote the economy of Puerto Rico.

On the other hand, the Department of the Treasury brings together those entities whose final objective is to maintain a sound economy through agencies which regulate and supervise said operations with the ultimate purpose of creating and maintaining solid and reliable structures which guarantee the investments of individuals as well as those of other enterprises.

Undoubtedly, the Office of the Inspector of Cooperatives, whose duty is to ensure compliance with the legal and regulatory provisions which govern the

operations of the cooperatives in Puerto Rico, would best serve its purposes within a structure whose objectives are identical to those mentioned above.

To such effects, and taking into consideration the recommendations of the Committee on Tourism, Commerce, Industrial Development and Cooperatives, it is proper to attach the Office of the Inspector of Cooperatives to the Department of the Treasury so as to most thoroughly achieve the objectives set forth in Reorganization Plan No. 3 of June 22, 1994.

***BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:***

Section 1.- Section 5 of Reorganization Plan No. 4 of June 22, 1994, is hereby amended to read as follows:

"Section 5.- Department Components

The Department shall be constituted by the following operating components:

(a) The Tourist Company

1) The Hotel Development Corporation

(b) The Commercial Development Administration

(c) The Economic Development Administration

1) The Industrial Development Company

(d) The Cinematographic Industry Development Corporation

(e) The Cooperative Development Administration

(f) The Land Administration

(g) The Horse Racing Industry and Sport Administration."

Section 2.- Section 9 of Reorganization Plan No. 4 of June 22, 1994, is hereby amended to read as follows:

"Section 9.- Cooperative Development Administration

The Cooperative Development Administration is hereby attached to the Department. The Administration shall continue to operate under Act No. 89 of

June 21, 1966, as amended. The Administrator shall answer directly to the Secretary and render those reports which may be required from him/her. The Governor shall appoint the Administrator with the advice and consent of the Senate and fix his/her salary.

Section 3.- A subsection (c) is hereby added and subsection (c) is redesignated as subsection (d), of Section 4 of Reorganization Plan No. 3 of June 22, 1994, to read as follows:

"Section 4.- Department Reorganization

The Department of the Treasury is hereby reorganized based on the following operating components:

a. The Office of the Commissioner of Financial Institutions, to which shall be attached the Shares and Deposit Insurance Corporation for Cooperative Savings and Credit Unions (PROSAD, Spanish acronym).

b. The Office of the Commissioner of Insurance

c. Office of the Inspector of Cooperatives

d. The present components of the Department."

Section 4.- The second paragraph of Section 5 of Reorganization Plan No. 3 of June 22, 1994, is hereby amended to read as follows:

"Section 5.- Office of the Commissioner of Financial Institutions

...

All the faculties, powers, personnel, equipment, real and personal property, records and unspent amounts related to the supervision or inspection of the finances, business and operation of the cooperative savings and credit unions assigned to the Office of the Inspector of Cooperatives are hereby transferred to the Office of the Commissioner of Financial Institutions by virtue of Act No. 89 of June 21, 1996, as amended, Act No. 291 of April 9, 1946, as amended, and Act No.

6 of January 15, 1990. The Governor shall continue to appoint the Commissioner and to fix his/her salary."

Section 5.- A new Section 9 is hereby added to Reorganization Plan No. 3 of June 22, 1994, to read as follows:

"Section 9.- Office of the Inspector of Cooperatives

The Office of the Inspector of Cooperatives of Puerto Rico and its functions unrelated to the cooperative savings and credit unions, is hereby attached to the Department of the Treasury as an autonomous operating component thereof under the supervision of the Secretary of the Treasury. The Office of the Inspector of Cooperatives shall continue to operate under its Organic Act to the degree that its provisions are not incompatible with the provisions of this Act. The Governor shall continue to appoint the Inspector of Cooperatives with the advice and consent of the Senate of Puerto Rico, and to fix his/her salary."

Section 6.- Sections 9, 10, 11, 12, 13, 14, 15, 16 and 17 are hereby renumbered as Sections 10, 11, 12, 13, 14, 15, 16, 17 and 18, respectively, of Reorganization Plan No. 3 of June 22, 1994.

Section 7.- No provision of this Act shall modify, alter or invalidate any agreement, covenant, claim or contract which the responsible officials or employees of the entity which is attached by this Act to the Department of the Treasury, may have granted and are in force when said Act becomes effective. Any claim filed by or against said officials or employees which is pending resolution when this Act becomes effective, shall subsist until its termination.

Career employees holding regular positions who are affected by this Act shall be guaranteed employment as well as their vested rights and privileges including those rights and privileges related to any retirement pension system or savings and loan fund to which they have contributed as of the effective date of this Act.

Section 8.- This Act shall take effect on July 1, 1997.

