

(S. B. 1426)

**(No. 98-2015)**

(Approved July 1, 2015)

## **AN ACT**

To amend Section 31 of Act No. 272-2003, as amended, known as the “Commonwealth of Puerto Rico Room Occupancy Rate Tax Act,” in order to extend the term of the allocation earmarked for the Convention Center District Authority; modify the monthly contributions to be transferred by the Tourism Company to the Convention Center District Authority to defray exclusively the operating costs of the Puerto Rico Convention Center District; and for other related purposes.

### **STATEMENT OF MOTIVES**

The Legislative Assembly amended Act No. 351-2000, known as the “Americas’ World Trade District Act” and created the Puerto Rico Convention Center District Authority (hereinafter, the “Authority”). The Authority has the ministerial duty of promoting private investment for the development of hotel, housing, and support facilities through service industries, as well as for the development of the properties that compose the Puerto Rico Convention Center District (hereinafter, the “District”), and for the promotion and operations thereof.

Since its inauguration in November 2005, the Puerto Rico Convention Center has had an economic impact on the hotel, transportation, food and services sectors. Also, in 2013, the Authority launched and completed several initiatives that concluded with the development of the lands of the District, which include: the development and opening of the Hyatt House Hotel; the initiation of the construction works of the Hyatt Place; among others. It is worth noting that the Authority is in the process of evaluating and/or commencing the development of other plots within

the District where restaurants, office space, as well as service and entertainment centers shall be built, thus providing the District with new dimensions and allowing the establishment of infrastructure to maximize the Convention Center's economic impact on the tourist industry and promote its self-sustainability.

Act No. 272-2003, as amended, known as the "Commonwealth of Puerto Rico Room Occupancy Rate Tax Act," is an essential tool for the administration and development of the Conventions Center. It provides the Authority with financial resources to defray the operating costs of the Puerto Rico Conventions Center, among other things. The District's integral development shall further the economic development of tourism-related industries, such as the transportation, hotel, restaurant, recreation, entertainment, and retail sales industries. The strengthening of our tourist industry promotes, in turn, the general economic growth of Puerto Rico and stimulates private development and investment, providing new and better job opportunities.

For such reason, this Administration deems it necessary to support the continuity of the District's growth and progress by extending the term of the allocation earmarked for the Puerto Rico Convention Center District Authority and modifying the monthly contributions to be transferred by the Tourism Company to the Puerto Rico Convention Center District Authority, to defray exclusively the operating costs of the Convention Center District.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

Section 1.- Subsection (B) of Section 31 of Act No. 272-2003, as amended, is hereby amended to read as follows:

"Section 31.- Disposition of funds

The Company shall distribute all funds collected from the tax imposed under Section 24 of this Act, as follows:

A. ...

B. The Company shall make monthly distributions of the excess over the amounts needed for each monthly transfer to the Bank, as provided in subsection (A), of the tax imposed in Section 24 of this Act that is collected each fiscal year, in accordance with the following order of priority:

i. two percent (2%) of the total Tax collected shall be deposited monthly in the general funds of the Company to cover expenses relating to the operation, management, and distribution of the Tax revenues, or for any other use as determined by the Company.

ii. five percent (5%) of the total Tax collected shall be deposited monthly in the General Fund of the Department of the Treasury for Fiscal Years 2005-2006 and 2006-2007, in the funds of the National Parks Company for Fiscal Years 2007-2008 and 2008-2009, and in the funds of the Company as of Fiscal Year 2009-2010 and thereafter.. As of the year in which the Authority certifies to the Department of the Treasury and to the Company, the commencement of the operation of the Convention Center, and during ten (10) years thereafter, this five percent (5%) shall be available to make up any deficit, if any, arising out of the operations of the facilities operated by the Convention Center District Authority in a reserve to be maintained by the Company. Provided, however, that for each fiscal year and/or every time the Convention Center District Authority intends to propose a budget that exceeds the deficit of two million five hundred thousand dollars (\$2,500,000), the budget of the Convention Center District Authority shall be presented to the Board of Directors of the Authority, the Board of Directors of the Company, and the Secretary of the Treasury for Fiscal Years 2005-2006 and 2006-2007, and to the Board of Directors of the National Parks Company for Fiscal Years 2007-2008 and 2008-2009 at a meeting held specifically for such a purposes, and to the Board of Directors of the Authority and the Board of Directors of the Company as of Fiscal Year 2010-2011, and thereafter. This five percent (5%) shall be kept

available during each fiscal year in a special reserve account maintained by the Company to make up any deficit in excess of two million five hundred thousand dollars (\$2,500,000), arising from the operation of the facilities of the Convention Center District Authority. For each fiscal year, any surplus after making up such operating deficit, if any, shall be released from the special reserve and shall be available for use by the Department of the Treasury for Fiscal Years 2005-2006 and 2006-2007, by the National Parks Company for Fiscal Years 2007-2008 and 2008-2009, and by the Company as of Fiscal Year 2010-2011 and thereafter.

Beginning Fiscal Year 2015-2016, and during five (5) years thereafter, this five percent (5%) shall be transferred in quarterly allocations by the Company to the Authority in order to defray exclusively the operating costs of the Puerto Rico Convention Center District. Provided, however, that for each fiscal year, the Convention Center District Authority shall submit its audited financial statements along with a report evidencing the use of the funds transferred in accordance with paragraphs (ii) and (iv) of this subsection to the Board of Directors of the Authority and to the Board of Directors of the Company, at a meeting held for such purposes. If at the end of any fiscal year such statements show net earnings, the Convention Center District Authority shall refund the Company the amount generated as net earnings without exceeding the total amount transferred by the Company to the Convention Center District Authority on that same fiscal year, by virtue of paragraphs (ii) and (iv) of this subsection.

iii. ...

iv. two million five hundred thousand dollars (\$2,500,000) shall be transferred from the Company to the Convention Center District Authority in quarterly allocations in the amount of six hundred twenty-five thousand dollars (\$625,000.00) to defray exclusively the operating costs of the Convention Center District. Provided, however, that for each fiscal year and/or every time that a

modified budget is to be presented, the budget of the Convention Center District Authority shall be presented to the Board of Directors of the Authority and to the Board of Directors of the Puerto Rico Tourism Company, at a meeting held specifically for such purposes. This amount shall be transferred as provided in this paragraph beginning Fiscal Year 2015-2016, and for a period of five (5) years.

v. ...

The Company shall submit a monthly breakdown of the revenues collected from the Tax to the Authority.”

Section 2.- Effectiveness.

This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 98-2015 (S. B. 1426)** of the **5<sup>th</sup> Regular Session** of the **17<sup>th</sup> Legislative Assembly of Puerto Rico**:

**AN ACT** to amend Section 31 of Act No. 272-2003, as amended, known as the “Commonwealth of Puerto Rico Room Occupancy Rate Tax Act,” in order to extend the term of the allocation earmarked for the Convention Center District Authority; modify the monthly contributions to be transferred by the Tourism Company to the Convention Center District Authority to defray exclusively the operating costs of the Puerto Rico Convention Center District; and for other related purposes.

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 12<sup>th</sup> day of February, 2018.

Orlando Pagán-Ramírez  
Acting Director