

(H. B. 4277)

(No. 99)

(Approved June 21, 2008)

AN ACT

To amend Sections 5, 6, and 9 of Act No. 76 of August 25, 2005, known as the “Puerto Rico Cruise Ships Incentives Special Fund Act,” in order to clarify certain aspects of a technical nature; to extend the application of certain incentives to other ports within the jurisdiction of Puerto Rico; and to extend the term of effectiveness of the incentives program.

STATEMENT OF MOTIVES

Act No. 76 was approved on August 25, 2005, which created the “Cruise Ships Incentives Special Fund,” attached to the Puerto Rico Tourism Company, for the purpose of establishing a long-term incentives plan directed toward stimulating the arrival of cruise ships on the Island, increasing the number of passengers, promoting shopping at local businesses and providing assurance and stability to this important tourism sector in Puerto Rico; and to appropriate funds.

Section 9 of said statute directs both the Company and the Legislature to create programs to extend incentives in addition to those provided for ports not developed at the time of approval of this Act. These provisions should take into account the reality of the operation of cruise ships within the waters of the Commonwealth of Puerto Rico.

Recently, some cruise ships that did not have the Port of San Juan in their routes, for logistics reasons have included in their schedules the ports

of Ponce and Mayagüez. In the future, it is expected that Roosevelt Roads might become a similar option. This brings new business to Puerto Rico, in addition to the positive impact on these regions.

Two years have passed since the implementation of Act No. 76, *supra*, and in view of the need to maintain and improve the competitive pace of Puerto Rico as a promoter to attract cruise ship industry lines, it is necessary to amend this Act. Thus, the amendments proposed shall allow the cruise ship tourist sector to grow even further for the Port of San Juan, as well as for other ports under development in the Island and shall extend the use of the Fund to maintain and improve our offer, while at the same time strengthening the Puerto Rican economy.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.—Section 5 of Act No. 76 of August 25, 2005, is hereby amended to read as follows:

“Section 5.—Establishment of Incentives.—

The incentives to cruise ships companies or operators established in this Act shall be the following:

(a) ...

(b) Home Port Incentive: One (1) dollar shall be contributed per passenger for the cruise ships that use the Port of San Juan as well as any other port within the jurisdiction of Puerto Rico as home port for a minimum

of twenty (20) days within a period of six (6) consecutive months and which pay the applicable head passenger tax.

(c) Port Time Incentive for Ships in Transit: The amount of eighty-five cents (0.85) shall be contributed per passenger in cruise ships that dock in San Juan as well as in any other port within the jurisdiction of Puerto Rico for a minimum of eight (8) hours and which pay the applicable head passenger tax.

(d) Passenger Volume Incentive per Corporation: The amount of two (2) dollars shall be contributed per passenger, from ten thousand (10,000) to one hundred and thirty-nine thousand nine hundred and ninety-nine (139,999) passengers, who arrives at the Port of San Juan as well as any other port within the jurisdiction of Puerto Rico and pays the applicable head passenger tax. From one hundred and forty thousand passengers (140,000) and over, the contributions shall be four dollars and fifty cents (\$4.50) per passenger who pays the head passenger tax.

(e) Incentive for Goods: Every cruise ship that docks at the Port of San Juan as well as any other port within the jurisdiction of Puerto Rico shall receive a payment equal to ten (10) percent of the expenditures for goods purchased in Puerto Rico and an additional five (5) percent on the purchase of products from or manufactured in Puerto Rico, as certified by

the Puerto Rico Industrial Development Company and the Department of Agriculture.

The cruise ship owners or operators that comply with these provisions shall receive these benefits after presenting evidence, to the satisfaction of said agencies, that the purchases were made from merchants duly certified by the Puerto Rico Trade and Export Company and who are duly registered in the Merchant's Register of the Department of the Treasury. For this, the representatives or agents of the cruise ship lines shall submit to such entities the invoices giving evidence of these facts.

(f) The incentives program shall be extended to fiscal year 2010/11. To the extent that by June 30, 2011, the volume of passengers is increased by twenty (20) percent on the basis of one million three hundred and eighty thousand (1,380,000) passengers, this incentive shall be extended until June 30, 2014.

(g) It is hereby expressly provided that the incentives listed herein shall be exclusively applied to those cruise ships that use the Port of San Juan as well as any other port within the jurisdiction of Puerto Rico, except for incentive (a) of this Section, which shall apply exclusively to the Port of San Juan.

(h) The incentives herein provided shall be paid by the Puerto Rico Tourism Company to the corresponding company, operator or agent within a term of not more than thirty (30) days after the invoices to claim the incentives listed herein are submitted; provided, that should the Tourism Company have any misgivings regarding any item of the invoice thus submitted, these shall not constitute an impediment for the payment of all other items not in controversy. Likewise, the Tourism Company shall be responsible for notifying the claimant within said thirty (30)-day period, any objection to an item submitted for payment and the reasons therefor.”

Section 2.—Section 6 of Act No. 76 of August 25, 2005, is hereby amended to read as follows:

“Section 6.—Beneficiaries.—

Only the owners or operators of cruise ships shall be entitled to apply for said incentives; provided, that the agencies and/or agents thereof in Puerto Rico shall be authorized to solicit, process and receive such benefits as part of the commercial relationship with the parties represented by them.”

Section 3.—Section 9 of Act No. 76 of August 25, 2005, is hereby amended to read as follows:

“Section 9.—Additional Incentives for Ports within the Jurisdiction of Puerto Rico.—

The Puerto Rico Tourism Company shall also develop, together with the municipal governments where ports are located, under the jurisdiction of the Government of Puerto Rico, its municipalities, public corporations or instrumentalities, an incentives program in consonance with the particular realities of each port and the region where they are located. The Legislature, after the corresponding evaluation and by petition of the Tourism Company, may extend incentives in addition to those previously provided or any variation thereof for the program of ports within the jurisdiction of Puerto Rico at the time of approval of this Act.

The funds and appropriations needed for the establishment of incentive programs for ports within the jurisdiction of Puerto Rico shall be identified by the Tourism Company and the Office of Management and Budget; provided, that the funds needed to comply with this Section shall in no way affect the funds destined for the Port of San Juan.”

Section 4.—Effectiveness.—

This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 99 (H.B. 4277) of the 7th Session of the 15th Legislature of Puerto Rico:

AN ACT to amend Sections 5, 6, and 9 of Act No. 76 of August 25, 2005, known as the “Puerto Rico Cruise Ships Incentives Special Fund Act,” in order to clarify certain aspects of a technical nature; to extend the application of certain incentives to other ports within the jurisdiction of Puerto Rico; and to extend the term of effectiveness of the incentives program,

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

In San Juan, Puerto Rico, today 15th of July of 2008.

Francisco J. Domenech
Director