

hundred eighty-six thousand (186,000) dollars during its fiscal year 1961 and the sum of one hundred fourteen thousand (114,000) dollars during its fiscal year 1962 to be used in the construction of the works necessary for the integration and conveyance of the electric system of the Island of Vieques with and to the Puerto Rico Water Resources Authority.

Section 4.—The Secretary of the Treasury is hereby directed to advance to the Puerto Rico Water Resources Authority, effective July 1, 1961, the sum of one hundred fourteen thousand (114,000) dollars from any unencumbered funds in the Commonwealth treasury. The said sum of one hundred fourteen thousand (114,000) dollars shall be reimbursed by the Puerto Rico Water Resources Authority to the Commonwealth treasury from the proceeds of the withholding of the 5% of its gross revenue authorized in the preceding section for fiscal year 1962.

Section 5.—The Puerto Rico Water Resources Authority is hereby authorized to withhold, on and after its fiscal year 1962 and during succeeding fiscal years, out of the 5% of its gross revenues annually set aside by it pursuant to section 22(b) 1 of Act No. 83, approved May 2, 1941, as amended, such amounts of money as will be sufficient to make economically feasible the integration and conveyance of the electric system of the Island of Vieques with and to the Water Resources Authority, so that the Water Resources Authority may recover through annual credits any capital invested by the Water Resources Authority in the integration and conveyance of the electric system of the Island of Vieques.

Section 6.—If the sum set aside by the Water Resources Authority under Section 22 (b) 1 of Act No. 83, approved May 2, 1941, as amended, be in any fiscal year, including fiscal year 1961, insufficient to meet the obligations referred to in sections 3, 4 and 5 of this act, the Secretary of the Treasury is hereby authorized to cover the deficiency from any unencumbered funds in the Commonwealth treasury; provided, that the deficiency thus covered by the Secretary of the Treasury in excess of \$300,000 shall be reimbursed to the General Fund by the Puerto Rico Water Resources Authority from its own funds, once the electric power system of Vieques is integrated with the system of the Authority, as may be directed by the Secretary of the

Treasury; provided, further, that the power vested by this section in the Secretary of the Treasury to cover such deficiency shall be conditioned upon the showing by the Water Resources Authority that the financial operations of the Authority have actually been or will be unfavorably affected.

Section 7.—This act shall take effect July 1, 1961.

*Approved June 22, 1961.*

(H. B. 323)

[No. 111]  
[Approved June 22, 1961]

AN ACT

To guaranty the payment of wages and to require contractors to post a bond; to establish the liability of the bond and of the sureties; to authorize the procedure to claim and pay said wages; to impose penalties for the violation of this act.

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

Section 1.—Any contractor in charge of the construction, reconstruction, extension, modification or repair of a work, building or structure whose estimated cost as specified in the construction permit issued by the Permit Office of the Planning Board is greater than fifteen thousand (15,000) dollars shall post a payment bond in favor of the Secretary of Labor, which shall be binding and effective on and after the date the work is started.

Section 2.—The bond above mentioned shall be posted by the contractor in cash, certified check, or with the undertaking of a bonding company authorized to do business in Puerto Rico, and said payment bond shall answer jointly and severally with the contractor, up to the limit of the bond liability, for the payment to the contractor's laborers and employees of the wages earned by them in the work. The amount of the payment bond shall not be less than 10 per cent of the estimated cost of the work under construction.

Section 3.—It shall be the duty of the contractor to pay weekly and in cash all the wages of the laborers employed in the work under construction.

Section 4.—The salaries earned by the workers employed in the work shall enjoy absolute preference, as to payment, over all other debts of the contractor, with the exception of mortgage credits on certain real or personal property or property rights of the debtor, recorded in the Registry of Property prior to the date on which the salary has been earned, and with the exception of any taxes which the contractor may owe to the Commonwealth or its municipalities.

Section 5.—Any person who has been employed in any work, building or construction as to which the bond required by this act has been posted and to whom his salary has not been paid in whole or in part, as required by this act, in the form and terms established by law, shall be entitled to bring judicial action, without previous notice or demand, against the contractor, the bond of the contractor, the sureties of the contractor, or against any of them, to recover the sum due him for such reason. Any person having a direct contractual relation with a subcontractor, regardless of whether or not he has any express or implicit contractual relation with the contractor of the work, shall have a chose in action against the contractor, the bond of the contractor, the sureties of the contractor, or against any of them, to recover in full or in part any sum due him by the subcontractor of the work for salaries earned as employee of the subcontractor of the work. The workers or employees of the subcontractor may bring said action against the contractor at any time without notice or previous demand of their claim to the subcontractor.

Section 6.—Any judicial action brought under this act may be prosecuted in accordance with the provisions of Act No. 10 approved November 14, 1917, as amended, and there may be a joinder in one sole complaint of all claims for wages in connection with the same work.

Section 7.—No technical defect in the bond, including, but without limitation, that it has not been attached to the contract, shall have the effect of altering the liability established by this act.

Section 8.—It shall not be necessary in any judicial action brought under this act to accompany the complaint with a copy of the contract or subcontract for the work, it being sufficient for its identification to make in the complaint reference to the contract or subcontract.

Section 9.—The chose in action authorized by this act against the bond and the sureties of the contractor shall be understood as lapsed one year after the work and all labor thereon have been completed. Upon expiration of said term the bond may be cancelled, unless there is pending any judicial action under this act. In such case, the bond shall not be cancelled until final and conclusive judgment has been passed with respect to such pending claim or claims and the same have been settled to the limit of the liability of the bond and of the sureties.

Section 10.—All action under this act shall be brought in the name of the person or persons in interest, but the Secretary of Labor may also demand, motu proprio or at the instance of one or more workers with interest in the matter, and in representation and for the benefit of one or more of such workers who are in similar circumstances, payment of any sum due them for wages. Said action may be brought in the Part of the Superior or District Court corresponding to the place where the work is being carried out or where the worker or employee lives on the date of the claim. All workers are entitled to collect in the civil action that may be instituted, in addition to the unpaid amounts, another equal sum as additional compensation, plus costs, expenses and attorney's fees, and the bond shall answer for the payment of the judgment that may be passed, up to the amount of the bond.

Section 11.—When the contractor of a work under construction subcontracts any part or labor to be performed therein, he shall file with the Secretary of Labor a copy of the subcontract executed with the subcontractor not later than ten (10) days after its execution. The contractor shall have this same duty if the subcontractor, in his turn, contracts with a second subcontractor for any part or labor of the work under construction.

Section 12.—Definitions.—The following phrases and words as used in this act shall have the meanings expressed below:

"Contractor" includes any person or persons in charge, through an express or tacit contract, of the construction, reconstruction, modification, extension, repair or improvement of buildings, works or structures. The term "building, work, or construction" includes, but without limitation, houses, establishments and factories, roads, streets, bridges, viaducts, railroads and all sorts of communication ways, sewers, aqueducts and location of pipe lines, canals, excavations, drillings, tunnels and dikes, construction and operation of ports and waterways, of airports and landing fields, of transmission lines and land-reducing works, drainage, dewatering and protection against floods. It shall also include the assembling or installation at the site of the work under construction of any machinery or apparatus; and, likewise, the dismantling, demolishing, or wrecking of said works, structures or buildings and the removal of apparatus or machinery installed therein.

"Subcontractor" includes any person or persons who, as independent contractor, constructs any part of the building, work, or structure in charge of the contractor.

Section 13a.—If a contractor or subcontractor starts labor in a construction work with laborers without the contractor's having first posted the bond required by this act to insure to said laborers the payment of their wages, or without his having complied with any of the other requirements established in this act, the Secretary of Labor may, through an injunction issued by a competent court, stop the labor being carried out in the work, building, or construction, until the contractor or subcontractor shall fully comply with the provisions of this act.

Section 13b.—In every construction project where the contractor or subcontractor performs activities through contract or subcontract with any natural or artificial person it shall be the duty of said contractor or subcontractor to post a public notice at the payment sites accepted by the Secretary of Labor for the duration of said contract or subcontract, reciting the name of the contractor or subcontractor and the nature of the work performed.

Section 14.—Any contractor who starts a work, building or construction without having posted in favor of the Secretary of Labor the bond required by this act shall be guilty of a

misdemeanor and shall upon conviction be punished by a fine of not less than one hundred (100) dollars nor more than five thousand (5,000) dollars or by imprisonment in jail for a term of not less than one month nor more than one year, or both, in the discretion of the court.

Section 15.—This act shall take effect ninety days after its approval.

*Approved June 22, 1961.*

(S. B. 181)

[No. 112]

[*Approved June 23, 1961*]

AN ACT

To amend section 4 of Act No. 464 of April 25, 1946, as amended, known as the Reasonable Rents Act.

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

Section 1.—Section 4 of Act No. 464 of April 25, 1946, as amended, known as the Reasonable Rents Act is hereby amended in its last paragraph to read as follows:

"The provisions of this act shall be applied to the following classes of rental property:

"(a) Buildings and premises for business, offices and consulting professional offices, offices for commercial and industrial purposes, and lots whereon such premises and buildings are located if such premises and buildings belong to different owners;

"(b) Houses, apartments, and groups of houses used for dwellings;

"(c) Lots whereon houses belonging to other persons are located;

"(d) Houses and buildings leased to the Government of Puerto Rico, its agencies and instrumentalities, to public corporations, to the Government of the Capital, and to the municipal governments of Puerto Rico.

"While rent control legislation enacted by the Congress of the United States of America applicable to the Commonwealth of Puerto Rico is in force, the houses, apartments, group of