

(S. B. 556)
(Reconsidered)

(No. 119-2013)

(Approved October 15, 2013)

AN ACT

To add subsections (q) and (r) to Section 4 of the Reorganization Plan No. 4 of June 22, 1994, as amended, which created the Department of Economic Development and Commerce; add subsection (g) to Section 14 of Act No. 20-2012, as amended, known as the “Act to Promote the Export of Services,” in order to clarify that the Secretary of the Department of Economic Development and Commerce has the duty to devise strategies and organize campaigns to promote the incentives offered by the International Banking Center and the International Insurance Center at the international level.

STATEMENT OF MOTIVES

Act No. 52 of August 11, 1989, as amended, known as the “International Banking Center Regulatory Act” (“Act No. 52”), was enacted to establish and promote Puerto Rico as an international banking center, providing a series of tax incentives to international entities in order to attract foreign capital to the Island. Subsequently, Act No. 273-2012, known as the “International Banking Center Regulatory Act,” was enacted, among other things, to promote more aggressively the services provided by international financial entities certified by said Act, as well as banking entities previously certified under Act No. 52, *supra*. The Office of the Commissioner of Financial Institutions is in charge of supervising, overseeing, and auditing international financial and banking entities. The Commissioner of Financial Institutions is empowered to issue permits and licenses to operate as an international financial entity. Presently, some thirty-four (34) institutions are certified in Puerto Rico as international banking entities, with assets amounting to more than \$36.5 billion.

Furthermore, Act No. 399-2004, adds the chapter entitled “International Insurers and Reinsurers Act of Puerto Rico” to the Puerto Rico Insurance Code, in order to provide a legal and tax framework to establish and promote Puerto Rico as an International Insurance Center, whereby insurers and reinsurers may export and import insurance and services related to the insurance industry. Moreover, Act No. 400-2004, amends the Puerto Rico Internal Revenue Code to conform the tax incentives to be extended to international insurers and reinsurers, as provided by Act No. 399-2004, *supra*. The Office of the Insurance Commissioner is in charge of overseeing the International Insurance Center and the Insurance Commissioner is empowered to issue authorization certificates that certify insurers as “international insurers,” and that allow them to avail themselves of the tax incentives set forth in Act No. 399-2004.

The Department of Economic Development and Commerce (DDEC, Spanish acronym) created by virtue of Reorganization Plan No. 4 of June 22, 1994, is an umbrella agency comprised of the Tourism Company, the Puerto Rico Industrial Development Company (PRIDCO), and the Puerto Rico Trade and Export Company, among others, and is the basis for the implementation of the Island’s economic development strategies. In order to achieve such task, the Secretary of the DDEC is empowered to conduct economic and market studies and research that allow for the identification of opportunities for economic growth, as well as to implement promotional campaigns to advertise the services that the DDEC and its components provide within and outside the Island.

The policy of the present administration consists of availing itself of the benefits and incentives available under the enabling laws of the International Banking Center and the International Insurance Center to position Puerto Rico as a feasible, profitable, and safe investment option for international capital. However, the current regulatory structure is not clear as to which entity of the Government of

the Commonwealth of Puerto Rico is responsible for promoting the programs and incentives available under the aforementioned laws at the international level, as well as identifying target markets and developing marketing strategies.

In view of the foregoing, this Legislative Assembly deems it necessary to clarify that the DDEC is the agency in charge of promoting the benefits provided under the enabling laws of the International Banking Center and the International Insurance Center. The Insurance Commissioner and the Commissioner of Financial Institutions shall maintain their role as regulators of entities established in Puerto Rico in accordance with the aforementioned Acts, and may continue offering the support needed by the Secretary of the DDEC in order to achieve the coordinated implementation of such promotional effort, including compiling statistical data and acting as liaisons between the DDEC and the entities they regulate.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Subsections (q) and (r) are hereby added to Section 4 of the Reorganization Plan No. 4 of June 22, 1994, as amended, which created the Department of Economic Development and Commerce, to read as follows:

“Section 4.- Powers, Duties, and Functions of the Secretary.

...

(q) Coordinate, oversee, and manage the promotion, at the international level, of programs and incentives offered by the International Banking Center, created under Act No. 273-2012, as amended, known as the “International Banking Center Regulatory Act.” The Secretary may conduct studies and research as appropriate regarding economic and market opportunities in the United States and other countries in order to identify target markets and to carry out these duties. The Secretary may request the Commissioner of Financial Institutions to provide the support needed to attain the objectives of this measure, including, but not limited to, compiling data regarding the international financial entities regulated by the

Office of the Commissioner of Financial Institutions, and acting as a liaison between the Secretary and the regulated entities.

(r) Coordinate, oversee, and manage the promotion, at the international level, of programs and incentives offered by the International Insurance Center, created under Act No. 399-2004, known as the “International Insurers and Reinsurers Act of Puerto Rico.” The Secretary may conduct studies and research as appropriate regarding economic and market opportunities in the United States and other countries in order to identify target markets and to carry out these duties. The Secretary may request the Insurance Commissioner to provide the support needed to attain the objectives of this measure, including, but not limited to, compiling data regarding the insurers regulated by the Office of the Insurance Commissioner and acting as a liaison between the Secretary and the regulated insurers.”

Section 2.- Section 14 of Act No. 20-2012, as amended, known as the “Act to Promote the Export of Services,” is hereby amended to add subsection (g) to read as follows:

“Section 14.- Special Fund for the Development and Promotion of Export Services.-

In General.- The Secretary of the Treasury shall establish a special fund, known as the ‘Special Fund for the Development and Promotion of Export Services’ (‘Special Fund’). During the effective term of this Act, ten percent (10%) of the revenues arising from the income tax paid by eligible businesses that hold a decree under this Act shall be deposited in said fund. The Special Fund for Economic Development of Act No. 73-2008 shall contribute the sum of five (5) million for the fiscal year in which this Act is approved, and five (5) million for the following fiscal year.

The monies in the Special Fund established herein shall be managed by the Secretary and shall be used exclusively for the following purposes:

...

(g) Defray expenses associated with campaigns to promote, in the United States and internationally, the incentives and activities of the Puerto Rico International Insurance Center, created under Act No. 399-2004, as amended, and the International Banking Center, created under Act No. 273-2012, as amended, known as the ‘International Banking Center Regulatory Act.’”

Section 3.- The Department of Economic Development and Commerce, the Office of the Insurance Commissioner, and the Office of the Commissioner of Financial Institutions shall adopt regulations as are necessary to effectively achieve the purposes of this Act, in accordance with Act No. 170 of August 12, 1988, as amended, known as the “Commonwealth of Puerto Rico Uniform Administrative Procedures Act,” within a term not to exceed one hundred eighty (180) days as of the effective date of this Act.

Section 4.- Severability

If any article, subsection, part, paragraph, or clause of this Act or its application to any person or circumstance, were held to be unconstitutional by a court with jurisdiction, said holding shall not affect or invalidate the remaining provisions of this Act. The effect of such holding shall be limited to the subsection, part, paragraph, or clause of this Act, or the application thereof, thus held to be unconstitutional.

Section 5.- This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 119-2013 (S. B. 556)** (**Reconsidered**) of the **2nd Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to add subsections (q) and (r) to Section 4 of the Reorganization Plan No. 4 of June 22, 1994, as amended, which created the Department of Economic Development and Commerce; add subsection (g) to Section 14 of Act No. 20-2012, as amended, known as the "Act to Promote the Export of Services," in order to clarify that the Secretary of the Department of Economic Development and Commerce has the duty to devise strategies and organize campaigns to promote the incentives offered by the International Banking Center and the International Insurance Center at the international level.

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

In San Juan, Puerto Rico, on this 19th day of October, 2017.

Orlando Pagán-Ramírez
Acting Director