

(S. B. 1543)  
(Conference)

**(No. 130-2016)**

(Approved August 5, 2016)

## **AN ACT**

To amend subparagraph (L) of subsection (d)(1), and subsection (p) of Section 2; amend subsections (g) (2) and (g) (3) of Section 5; amend subparagraph (B) of subsection (a)(1) and subsection (e) of Section 6; and amend subsection (a) of Section 17 of Act No. 73-2008, as amended, better known as the “Economic Incentives Act for the Development of Puerto Rico,” in order to include as a strategic project the development of affordable housing components for lease, related services, and infrastructure nearby mass transportation systems, known as transit-oriented developments, or near the Harbor in the Islet of San Juan in order to promote the economic development of Puerto Rico, include the development of intellectual property as eligible business or investment, and to exempt small- and medium-sized business from the recover the credit for industrial development ; amend subsection (c) of Section 4 of Act No. 20-2012, as amended, better known as the “Act to Promote the Export of Services,” in order to exempt the requests for incentives submitted or to be submitted under Act No. 173-2014; add a new subsection (c), amend and renumber current subsection (c) as (d) in Section 8, amend subsection (e) of Section 10, and add a Section 10(a) to Act No. 31-2012, as amended, known as “Act to Enable the Renovation of Communities of Puerto Rico”; amend Sections 4 and 5(a) of Act of March 12, 1903, as amended, known as the “Law of Eminent Domain” in order to expedite condemnation proceedings for property declared public nuisances by the municipalities which shall serve a public use of community betterment; and for other related purposes.

## STATEMENT OF MOTIVES

The laws that provide for tax incentives and benefits are enacted for the purpose of generating the type of economic activity that the State wishes to promote in areas such as tourism, agriculture, construction, and health, among others, all of which have a direct impact on the services provided to the citizenry. Hence, to have available in the treasury the funds for the development of any activity that inures to the benefit of the people constitutes a compelling interest of the State. The creation of tax incentives, credits, deductions, exemptions, and benefits has stimulated the growth in these areas, and boosted local and foreign investments.

Recently, this Legislative Assembly revised approximately thirty (30) laws providing for tax incentives, credits, exemptions, deductions, and benefits in order to promote economic activities that have a significant impact on the Island's development in order to ensure that they achieve their objective of creating jobs in Puerto Rico, promoting the acquisition of raw material, manufactured products, construction materials, and agricultural products, as well as the contracting of professional local services and the use of financial services in institutions with presence in Puerto Rico.

A proper infrastructure is the main tool for furthering Puerto Rico's economic development. The aqueduct and sewer, electric power, and transportation and highways systems, housing in special and low-income communities, land maintenance, and planned and orderly construction, among others, are some of the infrastructure areas that the Government of the Commonwealth of Puerto Rico has made a priority. The deterioration of Puerto Rico's infrastructure contributes to the lack of significant economic investments which help to improve the quality of life. The disregard for infrastructure, however, drains the Government's funds and, consequently, slows down economic development, which depends to a great extent on the construction, administration, and maintenance of the infrastructure.

Proper infrastructure development is closely related to the development of our cities and constitutes a unique opportunity to set in motion our economic future. In creating an industrial environment, city planning was the cornerstone of the economic development strategy that made Puerto Rico's economic miracle possible in the mid-twentieth century. Today, we are faced with similar challenges, thus, we must recognize that cities are the driving force of economic development worldwide.

Act No. 73-2008, better known as the "The 'Economic Incentives Act for the Development of Puerto Rico,'" is the keystone of the Commonwealth of Puerto Rico to further of our economic growth. The development of sustainable housing communities is indeed recognized as an eligible activity. It is thus imperative to ensure that this type of housing development goes hand in hand with the revitalization of strategic sectors, rather than to further autonomous developments so that the city is able to contribute effectively to our economic development ecosystem.

The opportunities for joint development along the route of the Urban Train have enormous potential for achieving and exceeding the urban, social, and economic development goals of the San Juan Metropolitan Area. The benefit potential of these developments may be maximized through public intervention that ensures an effective integration of land use and activities with the transport or transit facilities themselves. The spaces reserved for the joint development in the properties adjoining to the Urban Train stations constitute the Special Development District established in Act No. 207-2000, which spans a little over three hundred square kilometers (300) comprising approximately fourteen thousand (14,000) plots of land that constitute the Metropolitan Region.

Also, the Harbor in the Islet of San Juan, to the South of Puerta de Tierra, has prompted multiple planning efforts that recognize its potential and strategic importance. Its development seeks to interconnect centers of activity through an integrated transportation network; stimulate growth that is economically, socially, and environmentally sustainable; and create an attractive and eclectic space that is cherished by the citizens of San Juan and Puerto Rico, as well as its visitors. This idea seeks to revitalize a sector that has been underutilized for years through the redevelopment of areas that have deteriorated and their transformation into a livable and productive sector of the city that shall support what is offered by the Isleta, the Convention Center District, the bay's port infrastructure, and Old San Juan as a World Heritage Site.

To enjoy these potential benefits requires the adoption of measures that enable us to plan, guide, and achieve such integrated development. Moreover, it is in the public interest that these investments provide for the public projects that promote and make the developments feasible to benefit therefrom, whether through rental income generation or a direct interest in the development together with local governments and private entities. This joint effort between public and private entities in developing projects that benefit both participating entities and the community is not only desirable, but also essential for proper urban, economic and social development. The certainty provided by the contractual nature of the incentives granted under "Economic Incentives Act for the Development of Puerto Rico" provides security that is essential to achieving these objectives.

In order to make this Act more consistent with modern global trends, and seeking solutions to the economic recession and the deterioration of our quality of life, this Legislative Assembly deems it unpostponable to reformulate the "Economic Incentives Act for the Development of Puerto Rico" for the purpose of transforming it into a tool that promotes investment in affordable rental housing

components, related services, and in infrastructure for the development of strategic urban sectors that shall help create the conditions for the cities to become the engine of our economic development once again.

Likewise, Act No. 73-2008 is amended to include the development of intellectual property as an eligible business and investment, thereby allowing local businesses engaged in intellectual property development to have access to investments through the aforementioned Act. In addition, Act No. 73-2008 is amended to exempt small- and medium-sized businesses, as they are defined therein, from the recovery of the credit for industrial investment, thus stimulating and promoting investment in this important business sector.

Moreover, Act No. 20-2012, as amended, better known as the, “Act to Promote the Export of Services,” is hereby amended in order to exempt the requests for incentives submitted or to be submitted under Act No. 173-2014 from the limitation established in subsection (c) of Section 4 of Act No. 20-2012, *supra*.

It is the intent of this Legislative Assembly to approve any legislation that expedites the process of restoring and making use of abandoned structures which, due to their state, constitute a hazard to the health, safety, and wellbeing of the residents of the communities where they are located, as well as measures that improve community safety, thus improving the quality of life and self-esteem of residents. The purpose of this measure is to enable the municipalities to transform these abandoned and unused spaces by transforming them into educational, social, and civic centers, once they have ownership over the property and the ability to sell, transfer, gift, or lease the same.

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

Section 1.- Subparagraph (L) of subsection (d)(1), and subsection (p) of Section 2 of Act No. 73-2008, as amended, are hereby amended to read as follows:

“Section 2.- Definitions.-

For purposes of this Act, the following terms, phrases, and words shall have the meaning and scope stated hereinbelow:

(a) ...

...

(d) Eligible Business.—

(1) For purposes of this Act, the following shall be eligible businesses:

(A) ...

...

(L) Development of licensed or patented software that can be reproduced on a commercial scale, and that have the following features: (1) The user interacts with the software to carry out specific valuable tasks; (2) the business models may include, (a) the distribution, whether physical, online or through the cloud, and (b) the income earned from the licensing, program subscriptions, and/or services fees.

The following tasks add no value and shall not be deemed eligible:

1. Online content publishing companies and their search devices.
2. Companies that render services using technology, and which have no human resources to develop new products.
3. Companies whose primary income is generated from advertising and marketing.
4. The software has no methodology to carry out a valuable task.

5. Software entailing games of chance whose income is generated from bets.

(M) ...

...

(R) ...

(e) ...

...

(p) Strategic Projects.—

The following units participating in public-private consortiums shall be considered to be strategic projects for purposes of this Act:

(1) The cleaning, recovery, conversion, and restoration of landfills that have been shut down in Puerto Rico, including activities to recover methane and clean aquifers;

(2) The construction of reservoirs and/or dams, including any infrastructure needed for their operation, with the purpose of increasing storage and reserves, and safeguarding the value of water production of the Aqueduct and Sewer Authority and the production of hydroelectric energy; and for the construction of used water treatment plants;

(3) The construction of power-producing plants that use fuels other than oil and renewable sources. Provided, that as of the third year of the effectiveness of this Act, any plant that applies for the benefits of this Act under this paragraph (3) shall operate on renewable sources, and as of the sixth year of effectiveness of this Act, any plant that starts operations pursuant to the provisions of this paragraph shall operate on renewable sources;

(4) The construction of mass transportation systems, including but not limited to railroad mass transportation systems; and

(5) The construction of affordable housing components for lease, related services or infrastructure, in areas nearby mass transportation systems, known as transit-oriented developments, or near the Harbor in the Islet of San Juan, upon previous recommendation of the Department of Housing, in accordance with a development plan for the area as adopted by the Planning Board.

(q) ...

...”

Section 2.- Subsections (g) (2) and (g) (3) of Section 5 of Act No. 73-2008, as amended, are hereby amended to read as follows:

“Section 5.- Credits.-

(a) ...

...

(g) Credit for Investment in Strategic Projects.—

(1) ...

(2) For purposes of the credit provided for in this Section, the term ‘Eligible Investment in Strategic Projects’ means the amount in cash obtained from any financing source, used by the tax-exempt business or by any entity affiliated to the tax-exempt business, in activities such as the design, development and construction of structures, facilities, and all infrastructure needed for the operation of a strategic project. The term eligible investment shall include an investment made with the cash obtained from a loan secured by the tax-exempt business itself or by its assets, or by any entity affiliated to the tax-exempt business or by its assets.

(3) Use of the Credit. - The tax-exempt business may use the credit for eligible investment to pay up to fifty percent (50%) of the amount of the income tax provided for in subsection (a) of Section 3 of this Act, or the income tax that applies under the preceding tax incentives law under which the tax-exempt business was granted the decree for the taxable year of the tax-exempt business. Provided,



that said limitation shall not apply to the operating costs of the tax-exempt business related to electric power, water, and sewer. Furthermore, the credit for eligible investment in strategic projects for the construction of affordable housing components for lease, described in Section 2(p)(5) of this Act may be amortized and claimed in equal proportions for a term of ten (10) years. Provided, further, that thirty (30) days after the effective date of this Act, no new decree or renegotiation of decree under this Act shall include or consider any tax credit, with respect to the operating costs of the exempt business related to electric power, water, and sewer, for investment in strategic projects.

(4) ...

...”

Section 3.- Subparagraph (B) of subsection (a)(1) and subsection (e) of Section 6 of Act No. 73-2008, as amended, are hereby amended to read as follows:

“Section 6.- Credit for Industrial Investment.-

(a) For purposes of this Section, the following terms shall have the meaning stated below:

(1) ...

(2) Eligible Investment. —

For purposes of this subsection, any of the following investments shall be deemed to be an eligible investment:

(A) ...

(B) The amount in cash contributed in exchange for corporate stocks or equity shares in the establishment of a tax-exempt business that holds a decree granted under this Act or preceding acts, deemed to be a small- or medium-sized business pursuant to the provisions of subsection (i) of Section 2 of this Act,

which is used by the tax-exempt business to: (i) build or make improvements to the physical facilities; and (ii) buy machinery and equipment to be devoted exclusively to industrial development; or (iii) develop intellectual property.

The amount in cash thus contributed in exchange for capital stocks or equity shares of a tax-exempt business deemed to be a small or medium business pursuant to the provisions of subsection (i) of Section 2 of this Act, which is used by the tax-exempt business to: (i) build or make improvements to the physical facilities; and (ii) buy machinery and equipment to be devoted exclusively to industrial development within a substantial expansion; or (iii) develop intellectual property. In order to qualify as a substantial expansion under this paragraph, the investment shall be equal to, at least, fifty percent (50%) of the book value of the operating assets of the Tax-exempt Business upon the closing of the accounting books for the year before the date of the expansion.

Any other investment which is not directly and totally used for the purposes described in this subsection, shall be excluded from the definition of eligible investment of this Act.

The term 'eligible investment' shall not include an investment made with the cash proceeding from a loan secured by the tax-exempt business itself or by its assets.

(3) ...

(4) ...

(b) ...

(c) ...

(d) ...

(e) Adjustment of the Base and Recovery of the Credit for Industrial Investment. —

(1) The base of any eligible investment shall be reduced by the amount taken as credit for industrial investment, but it may never be reduced to an amount of less than zero.

(2) If any tax-exempt business, which originates the credit for industrial investment to generate a credit under subsection (a)(2)(A) of this Section, ceases operations as such before the lapsing of a term of ten (10) years counted as of the date of the eligible investment, the investor shall owe, as income taxes, an amount equal to the credit for industrial investment claimed by such investor, multiplied by a fraction whose denominator shall be ten (10) and whose numerator shall be the balance of the ten (10)-year period as required under this subsection. The amount thus owed as income taxes shall be paid in two (2) installments, starting in the first taxable year after the date the industrial activity ceases.

(f) ...”

Section 4.- Subsection (a) of Section 17 of Act No. 73-2008, as amended, is hereby amended to read as follows:

“Section 17.- Special Economic Development Fund

In General.—

(a) The Secretary of the Treasury shall establish a special fund, to be denominated ‘Special Economic Development Fund,’ into which five percent (5%) of the amounts collected from the income tax paid by businesses exempted under this Act or under preceding tax incentives laws in relation to industrial development income, as well as the amounts collected from the payment of withheld taxes concerning royalties relative to operations exempted under this Act or under preceding tax incentives laws, shall be deposited during the first four (4) years of effectiveness of this Act. Starting on the fifth year of effectiveness of this Act, seven

point five percent (7.5%) of the items provided for above in lieu of five percent (5%) provided for the initial four (4)-year period shall be deposited in the fund. Provided, as an exception, that for Fiscal Year 2015-2016, four percent (4%) of the items provided for above shall be deposited in the fund and three point five percent (3.5%) shall be transferred to the 2015-2016 Legal Liability Fund. If the total amount of this last transfer does not exceed fourteen million, two hundred and sixty-three thousand, two hundred dollars (\$14,263,200), the Director of the Office of Management and Budget shall make the corresponding adjustments in the appropriations to be payable from the 2015-2016 Legal Liability Fund. If said sum exceeds fourteen million, two hundred and sixty-three thousand, two hundred dollars (\$14,263,200), such excess shall be deposited in the General Fund. Provided, further, that starting on the ninth year of the effectiveness of this Act, ten percent (10%) of the items provided for above shall be deposited in the fund, in lieu of seven point five percent (7.5%) as provided above.

The sum of one million dollars (\$1,000,000) shall be earmarked annually, with priority over any other purpose provided in this Section, for the operations and functioning of the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, attached to the Puerto Rico Institute of Statistics. The Executive Director shall be responsible for establishing, in conjunction with the Executive Director of the Puerto Rico Institute of Statistics, the mechanisms needed to comply with the appropriation provided for said Portal. This fund appropriation shall not require the approval of the Board of Directors of the Industrial Development Company. However, the Secretary of Economic Development is hereby empowered to direct the Tourism Company and/or the Trade and Export Company to transfer to the fund established herein the sums needed to cover, in whole or in part, the one million dollar (\$1,000,000)-

appropriation provided for in this Act in favor of the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, attached to the Puerto Rico Institute of Statistics.

Moreover, from the amount to be deposited in the special fund herein provided, five percent (5%) shall be allocated annually to establish and develop the strategic projects provided for in paragraph (5) of subsection (p) of Section 2 of this Act. The Secretary of the Treasury and the Secretary of the Department of Housing shall establish the appropriate mechanisms and agreements for the transfers to this fund.

The monies of the Special Fund established herein shall be administered by the Executive Director and shall be used, except as otherwise provided in the preceding paragraph, solely for the following purposes:

(1) Special incentives for scientific and technical research and the development of new products and industrial processes, which may be carried out, among others, directly or in agreement with government agencies or public and private universities or with any natural or juridical person with knowledge and experience; as well as for the Industrial Incentives Program, administered by the Puerto Rico Industrial Development Company, in support of its industrial promotion efforts, including the improvement and development of industrial properties.

(2) The development and implementation of special self-employment and microbusiness programs directed to countering the problem of persons or families who, for reason of chronic unemployment or any other considerations, are financially lagging or marginalized and whose rehabilitation requires government action beyond the traditional services of the Executive Branch, in order to integrate them into the modern trends of socioeconomic development.

(3) To provide special incentives for the establishment in Puerto Rico of industries with strategic importance for the Government, including the investment of venture capital funds that promote this kind of industry, with the previous authorization of the Economic Development Bank.

(4) To provide special incentives for the acquisition of tax-exempt businesses by their management.

(5) To provide special incentives for the establishment of programs that incentivize and promote investment, technology and skill-building for small- and medium-sized businesses.

(6) To provide financial support to community enterprises, as this term is defined in subsection (r) of Section 2 of this Act.

(7) To provide special incentives for the establishment and development of Strategic Projects under this Act.

(8) To provide special incentives for research and development, directed toward bioscience, information technology, biomedicine, and aeronautic engineering.

(9) Twenty percent (20%) of the monies deposited in the Special Fund shall be destined to the Science, Technology and Research Trust, created by Act No. 214 of August 18, 2004, of which not less than forty percent (40%) shall be used for research projects conducted in nonprofit private higher-education institutions.

(10) To provide support to entities or programs devoted to furthering the following initiatives:

(A) The establishment of public-accessible Internet networks and other initiatives directed toward bridging the digital divide in Puerto Rico.

(B) The rendering of advisory services in the field of information systems for small- and medium-sized businesses.

(C) The establishment of business incubator centers that provide a support structure and an appropriate framework for the establishment and development of new businesses through specialized resources.

(D) The establishment of information system and communications training centers and programs for unemployed persons throughout the Island.

(E) The establishment of educational programs of all levels with an emphasis on languages, science and mathematics.

(11) To support regional initiatives, as defined in subsection (v) of Section 2 of this Act, or to other entities, for the purpose of furthering the development of businesses, research and development, construction, and business incubator operations, and other purposes set forth in this section.

The Executive Director shall have discretion as necessary and sufficient concerning the use of the monies of the Special Fund; provided, such a use leads to the achievement of the objectives set forth above. Likewise, he/she shall establish through regulations, in consultation with the Secretary of Development, the criteria to be used for the disbursement of the monies of the Special Economic Development Fund established herein. All appropriations of monies from the Special Fund shall be approved by the Board of Directors of the Industrial Development Company.

(b) ...”

Section 5.- Subsection (c) of Section 4 of Act No. 20-2012, as amended, better known as the “Act to Promote the Export of Services” is hereby amended to read as follows:

“Section 4.- Fixed Income Tax Rate.-

(a) ...

(b) ...

(c) Limitation of benefits.—

(i) In case that on the filing date of the application for a decree, pursuant to the provisions of this Act, an eligible business was engaged in the activity for which the benefits of this Act are granted, or was engaged in such activity at any time during the three (3) taxable years preceding the date on which the application was filed, called the “Base Period,” the eligible business may enjoy the fixed income tax rate provided in Section 4, only with regards to the increase in the net income which said activity generates over the average net income of the Base Period which shall be denominated “Base Period Income,” for the purposes of this clause.

(ii) In order to determine Base Period Income, the net income of any business that preceded the applicant business shall be taken into account. For this purpose, “predecessor business” shall include any operation, activity, trade, or business carried out by another business and which was transferred or otherwise acquired by the applicant business, without taking into consideration if it was operating under another name or owner.

(iii) The income attributable to Base Period Income shall be subject to the income tax rates provided in the Code, except in the case of entities with tax exemption decrees under Act No. 73-2008 and Act No. 135-1997, in which case the fixed rate that appears in the decree shall apply, and the distribution of the utilities and benefits stemming from such income shall not qualify for the treatment provided in Section 6 of this Act.

Provided, that the limitation of benefits imposed under this subsection (c) shall not apply to requests for incentives submitted or to be submitted under Act No. 173-2014.”



Section 6.- A new subsection (c) is hereby added and current subsection (c) is hereby renumbered as (d) in Section 8 of Act No. 31-2012, as amended, to read as follows:

“Section 8.- Declaration of Public Nuisance; Effects.-

The declaration of public nuisance shall have the following effects:

(a) The Municipality may order the labeling of the property as a public nuisance.

(b) The Municipality may make an appraisal of the property, to be conducted by an appraiser licensed to practice as such in Puerto Rico, to determine its market value.

(c) The Municipality may request the Municipal Revenues Collection Center to certify the income tax debt.

(d) The Municipality may expropriate the real property for public use. Provided that when the real property subject to condemnation is encumbered with debts, interests, surcharges or penalties to the Municipal Revenues Collection Center on account of property taxes, to calculate the just compensation, the amount owed shall be subtracted from the assessed value. Once the ownership is transferred to the Municipality, any debts, interests, surcharges or penalties with the Municipal Revenues Collection Center shall be settled.”

Section 7.- Subsection (e) of Section 10 of Act No. 31-2012, as amended, is hereby amended to read as follows:

“Section 10.- Intention to Acquire; Expropriation.-

The properties included in the Inventory of Properties Declared Public Nuisance may be subject to condemnation by the Municipality to be transferred to any person who is willing to acquire it for its reconstruction and restoration. No person may acquire more than one property under the procedure established in this Act. The following procedure shall be observed:

(a) The buyer shall notify the Municipality of his intention to acquire the real property in question.

(b) ...

(c) ...

(d) ...

(e) The complaint in condemnation shall be filed by the Municipality pursuant to the provisions of Rule 58 of the Rules of Civil Procedures of 2009. Provided, that under Rule 58 of the Rules of Civil Procedures, the judicial proceeding shall not exceed one (1) year from the answer to the complaint or the entering of a default judgment, in the event that an answer to the complaint is not filed within the term prescribed in the Rules of Civil Procedure, until the resolution in its merits.”

(f) ...”

Section 8.- A new Section 10(a) is hereby added to Act No. 31-2012, as amended, to read as follows:

“Section 10(a). – Properties without a Titleholder or Heir; Intestate Succession

When a real property declared as a public nuisance has no titleholder or owner alive or an heir who claims it, the provisions pertaining to intestate succession provided for in Articles 912 and 913 of the Civil Code shall apply, and when a real property has been claimed by the heirs, but ten (10) years have elapsed after it was declared public nuisance and such property has not been claimed, such property shall be transferred to the Municipality. The Inventory of Properties Declared Public Nuisance shall identify real property that have been transferred to the municipalities by succession. Municipalities may sell, assign, donate, or lease said property in accordance with the provisions of Act No. 81-1991, as amended, known as the “Autonomous Municipalities Act of the Commonwealth of Puerto Rico.”

Section 9.- Section 4 of Act of March 12, 1903, as amended, is hereby amended to read as follows:

“Section 4.- Commencement of Condemnation Proceedings

In all cases in which the law authorizes the acquisition for public purposes, of a property or of any right or easement therein, or when a property, or any right or easement therein, has been declared of public use, where such declaration is necessary, or without such declaration, if it is not necessary, the Commonwealth of Puerto Rico, or the officer, person, agent, authority, instrumentality, or any other entity or body authorized by law, may condemn same through the proper eminent domain proceedings instituted in the San Juan part of the Court of First Instance, in the regular manner provided by law for the commencing of civil actions. Such condemnation proceeding shall be conducted in accordance with the provisions of Rule 58 or Rule 60 of the Rules of Civil Procedure, as applicable. Said proceedings shall be in rem, and the plaintiff may include in the same complaint, if deemed advisable, one or more properties, whether or not belonging to the same owner; Provided, that when the whole of an estate to be condemned is made up by the grouping of two (2) or more properties or parcels of lands which, due to their abutting each other, constitute one single piece of property, whether or not belonging to the same owner, said property, the object of condemnation may, for all purposes of the proceedings, be described in the complaint as if it were one sole estate. The complaint may be directed against the owners of the estate, the occupants thereof, and all other persons having a right or interest therein; or it may be directed against the property itself. In this latter case, the complaint shall recite, as far as it may be possible for the plaintiff to determine, the names of all persons who as owners, occupants, or holders of any right or interest in the estate, must be served with notice

of the proceedings, relating to any right they may have to the compensation fixed for the value of the condemned property, or to any damages that may arise from the proceedings.”

Section 10.- Subsection 5 of Section 5(a) of Act of March 12, 1903, as amended, is hereby amended to read as follows:

“Section 5(a).- Declaration of Taking; Vesting of Title and Right to Compensation

In any proceeding which has been or may be instituted by and in the name and under the authority of the Commonwealth of Puerto Rico or of the Commonwealth Government, the Commonwealth of Puerto Rico or the Commonwealth Government acting in such proceeding either on its own initiative and for its own use or on the request of any agency or instrumentality of the Commonwealth of Puerto Rico; and in every proceeding instituted or which may be instituted by and in the name of the Puerto Rico Housing Authority, or of any municipal housing authority of any municipality of Puerto Rico for the expropriation or for the acquisition of any property for public use, the petitioner or plaintiff may file in the same cause, at the time the petition is filed or at any time before judgment is rendered, a declaration of taking for the acquisition and material delivery of the property the object of condemnation, signed by the person or entity empowered by law to seek the condemnation in question, declaring that said property is sought for the use of the Commonwealth of Puerto Rico or of the Commonwealth Government, or of the agency or governmental instrumentality which may have requested it, or of any other petitioner or plaintiff. Said declaration of taking and material delivery shall contain and be accompanied by:

(1) A statement of the authority under which, and the public use for which, the acquisition of said property is sought.

(2) ...

(3) ...

(4) ...

(5) The fixing of the sum of money estimated by said acquiring authority to be just compensation for the property the acquisition of which is sought. Provided, that in the case of property declared public nuisance subject to condemnation by the Municipality due to its public use, in which the properties are encumbered with debt in any amount on account of real property tax, the sum of money to be paid as just compensation shall be the assessed value minus the property tax debts, including any debts, interests, surcharges, or penalties.

...”

#### Section 11.- Severability

If any part, subsection, section, or article of this Act were held to be unconstitutional by a competent Court, the holding to such effect shall be limited to the part, subsection, section, or article of this Act thus held to be unconstitutional and such holding shall not affect nor invalidate the remaining provisions of this Act.

#### Section 12.- Effectiveness

This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 130-2016 (S. B. 1543) (Conference)** of the **7<sup>th</sup> Regular Session** of the **17<sup>th</sup> Legislative Assembly of Puerto Rico**:

**AN ACT** to amend subparagraph (L) of subsection (d)(1), and subsection (p) of Section 2; amend subsections (g) (2) and (g) (3) of Section 5; amend subparagraph (B) of subsection (a)(1) and subsection (e) of Section 6; and amend subsection (a) of Section 17 of Act No. 73-2008, as amended, better known as the “Economic Incentives Act for the Development of Puerto Rico,” in order to include as a strategic project the development of affordable housing components for lease, related services, and infrastructure nearby mass transportation systems, known as transit-oriented developments, or near the Harbor in the Islet of San Juan in order to promote the economic development of Puerto Rico, include the development of intellectual property as eligible business or investment, and to exempt small- and medium-sized business from the recover the credit for industrial development ; [...]

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

In San Juan, Puerto Rico, on this 23<sup>rd</sup> day of April, 2018.

Orlando Pagán-Ramírez  
Director