

Warning: This Act was repealed by [Act 53-2021](#).

To Provide for the Monthly Transfer to the “Special Fund for the Amortization and Redemption of General Obligations Evidenced by Bonds and Promissory Notes” Act

Act No. 39 of May 13, 1,976, as amended

(Contains amendments incorporated by:
[Act No. 102 of July 2, 2015](#))

[Amendments non-incorporated:
Act No. 69 of July 14, 2016 (amended Sec. 6)]

To provide for the monthly transfer to the “Special Fund for the Amortization and Redemption of General Obligations Evidenced by Bonds and Promissory Notes” of the necessary funds for the payment of the principal of and interest on bonds and promissory notes issued by the Commonwealth of Puerto Rico, and that the moneys covered into said fund be withheld and used to make said payment by a depository agent.

Be it enacted by the Legislature of Puerto Rico:

Section 1. — The Secretary of the Treasury of Puerto Rico shall transfer, on or before the last day of each month of each fiscal year, from the General Fund of the Treasury of the Commonwealth of Puerto Rico to the “Special Fund for the Amortization and Redemption of General Obligations Evidenced by Bonds and Promissory Notes”, created by Act No. 269, approved May 11, 1949, as amended [*Note :Repealed by Act 83-1991, Art. 7.09(j)*] ; an amount equal to (i) one-sixth (1/6) of the interest to be paid during the next six months, and (ii) one-twelfth (1/ 12) of the principal to be paid or required to be amortized during the next 12 months, of all bonds and promissory notes, except savings bonds, of the Commonwealth, secured by the good faith and credit of the Commonwealth; Provided, however, that this transfer shall not exceed the amount needed, if any, in order that the amount covered into said Special Fund, including the amount covered by reason of taxes collected or other funds, but excluding all accrued interest, deposited pursuant to Act No. 269, approved May 11, 1949, as amended [*Note :Repealed by Act 83-1991, Art. 7.09(j)*], or any other law, which equals the amount that would be covered into said Special Fund, if the monthly transfer were made in the amounts required in the preceding subdivisions (i) and (ii). Said monthly transfers shall be accumulative and the amount of any deficiency incurred in any transfers, if any, shall be included in the transfers that would, otherwise, be required in subsequent months, until such deficiency is fully paid.

All accrued interest received by the Commonwealth of Puerto Rico from the proceeds of the sale of said bonds and promissory notes when issued by it shall be covered into said Special Fund.

Section 2. — The moneys covered into said Special Fund shall be disbursed only for the payment of the principal of and interest on bonds and promissory notes issued by the Commonwealth and to which its good faith and credit have been pledged.

Section 3. — The moneys covered into said Special Fund shall be kept in trust by the Government Development Bank or by the bank or banks or trust companies within or outside Puerto Rico (depository agent) having a combined capital and surplus of not less than twenty-five million (25,000,000) dollars that the Secretary of the Treasury may designate to make the disbursements provided in section 2 hereof.

All moneys deposited with the depository agent in excess of the amount secured by the Federal Deposit Insurance Corporation or other federal agency shall be continuously insured in behalf of the Commonwealth by (a) lodging in a bank or trust company acceptable to the Secretary of the Treasury of Puerto Rico and to the depository agent as custodian, or, if then permissible by law, by separating under the control of the trust department of the bank holding the lodging as collateral, government debentures, or, with the approval of the depository agent, other salable securities acceptable to guaranty the funds deposited in trust under the regulations of the Money Controller of the United States of America or under the regulations of the states or of the Commonwealth, having a market value (excluding accrued interest) of not less than the amount of such deposit, or (b) if not permissible under the applicable laws to offer the guaranty provided under clause (a) hereof, in any other manner required or permitted under the federal, state, or Commonwealth laws or regulations relative to the guaranty for, or granting preference in the case of, a deposit of funds in trust.

Section 4. — The moneys covered into the Special Fund shall be invested and reinvested by the depository agent in Government debentures or in time deposit certificates that the Secretary of the Treasury may from time to time determine and which shall fall due or are subject to redemption at the option of the holder thereof not later than on the respective dates when such moneys are required for the purposes of this act. The income obtained and any earnings derived from such investments shall remain in the said Special Fund.

Section 5. — The terms “Government Debentures” and “Time Deposit Certificates” shall have the meaning hereinbelow set forth:

(a) “Government Debentures” shall mean (i) direct obligations of, or obligations whose principal and interest are unconditionally secured by, the Government of the United States; (ii) bonds, IOU's (vales) or promissory notes issued by any of the following federal agencies: “Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States Government, National Mortgage Association, Federal Land Banks, or the Federal National Mortgage Association” (including share certificates issued by said association); and (m) any other obligation issued or unconditionally secured as to principal and interest by an

agency or a person controlled or supervised by the Government of the United States pursuant to authority granted by the Congress.

(b) “Time Deposit Certificate” shall mean time deposits, deposit certificates or similar agreements with the depository agent or with any bank or trust company member of the Federal Deposit Insurance Corporation having a combined capital and surplus of not less than twenty-five million (25,000,000) dollars.

Section 6. — *[Note: This Section was amended by Act No. 69-2016 but the official translation is not available. Please consult the Spanish version]*

This Act shall take effect on July 1st, 1976; provided, that unless the Department of the Treasury receives at least \$1.2 billion in the aggregate from one or more tax and revenue anticipation notes transactions as authorized by Act No. 1 of June 26, 1987, as amended, or unless the Government Development Bank for Puerto Rico receives at least \$2 billion in the aggregate from one or more Bond Refunding Transactions (as such term is defined in Section 34 of [Act No. 44 of June 21, 1988, as amended](#)) during fiscal year 2015-2016, the Secretary of the Treasury, in his/her discretion, may discontinue, in whole or in part, the transfers directed under Section 1 of this Act. Should any of the aforementioned circumstances occur during fiscal year 2015-2016, the Secretary of the Treasury shall make deposits to the fund described in Section 1 of this Act in order to make the corresponding payments of the obligations that are payable from the transfers required in Section 1 of this Act.

Note. This compilation was prepared by the [Puerto Rico Office of Management and Budget](#) staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text and the collection of Laws of Puerto Rico Annotated LPRC. The state links acts are property of [Legislative Services Office](#) of Puerto Rico. The federal links acts are property of [US Government Publishing Office GPO](#). Compiled by the Office of Management and Budget Library.

See also the [Original version Act](#), as approved by the Legislature of Puerto Rico.