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## ***Department of Economic Development and Commerce Reorganization Plan of 1994***

Reorganization Plan No. 4 of 1994, as amended

(Contains amendments incorporated by:

Act No. 51 of August 4, 1994

[Act No. 46 of June 25, 1997](#)

[Act No. 119 of October 15, 2013](#)

[Act No. 124 of July 31, 2014](#)

[Act No. 171 of October 2, 2014](#)

[Act No. 141 of July 10, 2018](#))

Prepared by the Governor of Puerto Rico and remitted to the Twelfth Legislature, convened in its Third Regular Session, in accordance with the Executive Reorganization Act of 1993 to create the Department of Economic Development and Commerce

### **Section 1. — Public Policy.** (3 L.P.R.A. Ap. X, § I)

The economic growth of Puerto Rico since 1950 has followed a development model based on the following policies: specialization in manufacturing geared towards export markets, imports of capital and natural resources, federal and local tax exemption to stimulate capital investment, the optimum use of the work production factor, and a certain degree of protection in the United States market.

This model made substantial economic development possible up to the middle of the decade of the 70's. The historic changes that have occurred since then in the United States and in the world have notably limited the effectiveness of this model. As a result, Puerto Rico's economic growth rate has slowed down.

This situation has led the Government of Puerto Rico to revise its strategies and introduce changes which respond to the contemporary complex historical process, and facilitate the attainment of its economic goals.

Based, on these realities, the Government of Puerto Rico has the purpose of implementing a new economic model based on: a dynamic private sector; a reduction of the direct intervention of government, converting it into a facilitating entity; the restructuring of the government sector; the encouragement of multi-sector contributions to the economic activity; and the use of efficient financing mechanisms. It is the purpose of our Government to reorient our economy with a view to the future and temper it to the situations and trends of a world in a constant and accelerated process of social, political, and economic change. In response to this purpose, it is necessary for the Government to have the structures, mechanisms and instruments that are indispensable to attain the people's maximum benefit. ,

We must, therefore, update our economy, expand its boundaries, make it competitive and change the traditional focus to one that is in harmony with the great scientific, technological and computer science advances, This new view requires us to not only devote our efforts to promote the traditional sectors of manufacture, commerce, agriculture and tourism, but also to extend its

base to introduce new development concepts. These efforts must be directed to stimulate the participation of sectors such as service, banking, and exports, the development of small local entrepreneurs and the globalizing of the economy.

The implementation of a new economic model requires an agile and efficient government structure. Therefore, as an integral part of the new economic strategies of the government, a reorganization of the executive structures is indispensable to allow a better coordination and to expedite the framing and implementation of the policies and strategies that propitiate the development of the sector. The existing government bodies which are the result of the obsolete strategies of the 50's, no longer respond to our needs. In the government structure there is a duplication of functions, fragmentation of the public policy, strategies and efforts, and above all, certain customs and styles that are linked to the past. The needed effort for the economic development of Puerto Rico, must be coordinated by a central authority that will answer to the Governor of Puerto Rico, to the Legislature, and to the People of Puerto Rico. The entity must contribute to the effective implementation of the public policy addressed to promote the economy.

In order to achieve the stated objectives, this Plan creates the Department of Economic Development and Commerce, and groups several government entities under it which have the functions of planning, promoting and developing economic development initiatives. It is proposed that the Department shall be the main axis for the implementation of the economic development strategies and to establish an effective coordination among the parties. In this way, the development scenario stated in the new economic model of Puerto Rico shall become a reality.

## **Section 2. — Creation of the Department. (3 L.P.R.A. Ap. X, § II)**

The Department of Economic Development and Commerce is hereby created, hereinafter, “the Department”, and the Office of Secretary of Economic Development and Commerce, to direct it. The Secretary shall be appointed by the Governor with the advice and consent of the Senate, who shall serve at the volition of the Governor and shall earn the salary assigned to a Secretary of the Government, which can be raised up to a third more.

## **Section 3. — General functions of the Department. (3 L.P.R.A. Ap. X, § III)**

The Department shall be responsible for implementing and overseeing the execution of Puerto Rico's public policy on economic development in the various entrepreneurial sectors, namely industry, commerce, tourism, film, service, cooperatives, and others. As such, it shall be the government body in charge of disclosing, promoting, organizing, and coordinating, in an integrated manner, the government activity relating to the aforementioned sectors. Moreover, it shall be responsible for promoting the academic, professional, social, and entrepreneurial development and training of the residents of the Commonwealth of Puerto Rico as well as the active integration of youths into the Island's economic development initiatives and efforts. In addition, it shall promote the development of a forward looking stable and self-sustainable private economy, taking into consideration the globalization of the economy and the establishment of regional trade blocs.

**Section 4. — Powers, duties and functions of the Secretary.** (3 L.P.R.A. Ap. X, § IV)

The Secretary of Economic Development and Commerce, hereinafter “the Secretary”, in addition to the powers, duties and functions conferred by other acts and this Reorganization Plan, shall have all the powers, duties, faculties, attributes and prerogatives inherent to his/her office, among which the following are listed, without it being construed as a limitation:

(a) Advise the Governor and the Legislature on all matters related to the mission and functions of the Department.

(b) Collaborate and advise the Governor and the Legislature on the statement of public policy and its implementation in an integral and coordinated manner.

(c) Coordinate strategic planning in an integrated manner for all the sectors that compose it, as well as reviewing, harmonizing and approving the plans of each of its sectors. Define the policies, strategies and priorities according to the strategic economic development plans for Puerto Rico.

(d) Carry out economic, marketing and other studies and research related to the local economy, that of the United States and of other jurisdictions in order to position the Department’s programs and activities, identify opportunities, anticipate situations that could cause problems and trace new strategies.

(e) Coordinate and supervise the administration and operations of the components of the Department, as well as the communications, public relations and promotional campaigns of the Department and its components, according to the established norms, goals, objectives and public policy.

(f) Evaluate and audit the operations of the components of the Department, render reports to the Governor and adopt the needed measures to keep the body functioning efficiently.

(g) Establish the coordination of everything related to the planning, promotion and development of important special projects that involve the participation of several or all of the components of the Department and other government bodies besides it.

(h) Prepare and present to the Governor an annual integrated budget for the Department. The directors of the components of the Department shall submit their respective budget proposals to the Secretary, annually.

(i) Recommend changes to the Governor in the organization of the Department, that may comprise the modification, fusion, termination, or transfer of functions, programs and agencies under its jurisdiction.

(j) Approve the regulations to be adopted by the components of the Department, as well as any amendment or repeal thereof. The directors of said components shall prepare and submit the necessary regulations, including any amendments or the repealing thereof, for the approval of the Secretary.

(k) Render an overall annual report of the Department to the Governor and the Legislature. The directors of the Department’s components shall submit their annual report to the Secretary.

(l) Develop and implement rules, norms and procedures which apply generally to the Department, as well as approve those of specific application to its components, unless the Secretary has delegated such approval.

(m) Promote the participation of the citizenry and the private entrepreneurial sector in the functions of the Department, through the mechanisms he/she deems pertinent.

**(n)** Delegate on officials or employees of the Department, including the bodies that constitute administrative components thereof, any powers, faculties duties or functions that have been conferred on them, except the faculty of adopting or approving regulations which cannot be delegated by legal mandate.

**(o)** Preside over the Economic Development Committee created under this Plan.

**(p)** Create the boards and advisory committees needed for the proper functioning of the Department.

**(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 liason 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.”, [26 L.P.R.A. §§ 4301 et seq.]. 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 liason between the Secretary and the regulated insurers.

**(s)** Develop, administer, and promote the Film Industry Development Program in order to promote the creation of high-quality productions, that is, film, digital, and television cinematographic productions geared to both the local and the international markets, and ensure the functionality of digital arts, as a cultural and creative industry of a significant economic, social, and educational impact.

**(t)** Develop, administer, and promote the Youth Development Program in order to promote the academic, professional, social, and entrepreneurial development and training of youths in the Commonwealth of Puerto Rico, as well as active integration into the Island’s economic development initiatives and efforts.

**(u)** Develop, administer, and promote the Workforce Development Program to promote occupational skill training for Puerto Ricans through initiatives that promote experiences that develop the skills that allow them to be hired, retain their job, or improve their quality of life.

**(v)** Regulate the payment of official expenses, and custody and administer the funds of the Department as an independent treasury.

**(w)** To discharge the duties and functions already legislated for the Reorganization Plan of the Department of Economic Development and Commerce of 1994, the Reorganization Plan of the Department of Economic Development and Commerce of 2018, as well as the authorities established in the organic acts of the Consolidated Entities.

**Section 5. — Components of the Department.** (3 L.P.R.A. Ap. X, § V)

The Department shall be composed of the following operating components:

(a) *Consolidated Entities*, which are defined as those government entities that are merged into the Department, to wit:

- (a) The Tourism Company
  - (1) The Hotel Development Corporation
- (b) The Puerto Rico Trade and Export Company
- (c) The Industrial Development Company
- (d) The Puerto Rico Cooperative Development Commission
- (d) The Land Administration
- (e) The Horse Racing Industry and Sport Administration.

Regarding the Consolidated Entities, the Secretary may establish the internal composition of the Department as deemed convenient or necessary for the proper operation of the Department; provided, that the public policy set forth in the pertinent laws is complied with. These consolidated entities shall become Programs or Offices within the Department, except for the Permit Management Office which shall be an Assistant Secretary's Office within the Department.

(b) *Operational Entities*, which are defined as those government entities that shall remain as public corporations within the Department until the Secretary certifies that the appropriate transition process was completed. The amendments to the organic acts included in the Act shall become effective on the date on which the Secretary certifies to the Governor and the Legislative Assembly that the process was indeed completed, at which time said public corporations shall become Consolidated Entities, to wit:

- (1) The Trade and Export Company, created under Act No. 323-2003, as amended, known as the 'Puerto Rico Trade and Export Company Act'; and
- (2) The Tourism Company, created under [Act No. 10 of June 18, 1970, as amended, known as the 'Puerto Rico Tourism Company Act.'](#) As for the Tourism Company, measures shall be taken to ensure its efficient operation as a government structure under a Tourism Office with its own identity at the local, national, and international level, which shall have functional operations to properly address the formulation and implementation of tourist development policies in a specialized manner and separate from the governmental structure of the Department. It is hereby provided that the Tourism Office shall discharge the collection and administrative duties provided for in Act No. 272-2003, as amended, known as the 'Commonwealth of Puerto Rico Room Occupancy Rate Tax Act,' and [Act No. 221 of May 15, 1948, as amended, known as the 'Games of Chance Act.'](#)

However, even during the period prior to the certification, the Secretary may carry out processes to achieve savings and efficiencies for these entities in the same manner provided for the Attached Entities. The Department may also enter into any agreements with the Operational Entities and the Attached Entities to provide services thereto.

(c) *Attached Entities*, which are defined as those government entities that shall remain as public corporations within the Department, to wit:

- (1) The Authority for the Redevelopment of the Land and the Facilities of the Roosevelt Roads Naval Station, Act No. 508-2004, as amended, known as the 'Roosevelt Roads Naval Station Facilities and Land Redevelopment Authority Act';

- (2) The Puerto Rico Industrial Development Company, Act No. 188 of May 11, 1942, as amended, known as the ‘Puerto Rico Industrial Development Company Act,’ provided, however, that the promotion and incentives duties of the Industrial Development Company shall be transferred to the Department; and
- (3) The Planning Board, Act No. 75 of June 24, 1975, as amended, known as the ‘Puerto Rico Planning Board Organic Act.’

**Section 6. — Powers, Duties, and Functions of the Department.** (3 L.P.R.A. Ap. X, § VI-A)

[Note: [Act No. 141-2018](#), Sec. 2.3 repealed former Section 6 and added a new Section]

- (a) To comply with the duties and functions of this Plan, the Reorganization Plan of the Department of Economic Development and Commerce of 2018, as well as with the authorities established in the organic acts of the Consolidated Entities and the Operational Entities, subject to the appropriate certification by the Secretary, as well as other applicable laws.
- (b) To comply with the duties and functions established in the organic acts of the operational entities, once these are consolidated through the Secretary’s certification, and other applicable laws.
- (c) To appear, if so agreed upon with the Attached Entities and Operational Entities that are Public Corporations, whether by an in-house counsel of the Department or outside counsel, before any court or civil, criminal, or administrative forum, for the purposes of initiating any proceeding or action, or filing a claim, complaint, or lawsuit on behalf of the Department or any of the Operational Entities or Attached Entities, as is necessary to discharge the duties entrusted thereto by this Act, without being subject to the provisions of Act No. 205-2004, as amended, known as the ‘Department of Justice Organic Act.’
- (d) To integrate the services of the Operational Entities and Attached Entities with those of the Department, to the extent practicable and functionally effective, and without affecting federal funding nor existing obligations, and technical and managerial services, such as: auditing, planning, studies, statistical, advisory, and legal services, as well as information technology systems, among others. The Department may also enter into agreements as are necessary with Operational Entities and Attached Entities to provide these services, including, but not limited to: legal services, administrative and professional services, human resources administration and labor relations services, asset and operation management services, including services to administer, manage, lease, sell, assign, or otherwise dispose of the real property inventory. Any transaction involving the alienation of real property shall be approved by the appropriate directive body of the Operational Entities or Attached Entities, as the case may be; accounting services for its assets and liabilities, as well as income and expenditures; advertising, communications, and media support services; supply, courier, mailing, and transportation services; information technology and communications technical support, as well as any other services and functions that the Department may perform in benefit of Operational Entities and Attached Entities. The Department may provide Operational Entities and Attached Entities with office space as well as the necessary equipment and supplies, for the duration of the consolidation process.
- (e) [Blank]
- (f) To carry out functions related to Industrial Promotion and Incentives formerly discharged by the Industrial Development Company.

(g) To administer all the real property herein transferred to the Department. Regarding the real property of the Operational Entities and the Attached Entities to be administered by the Department pursuant to any agreement entered into between the Department and these entities, the Department is hereby exempt from compliance with Article 133 of the Political Code of 1902, as amended.

(h) To establish, assume, and administer Free Trade Zones Programs.

(i) To assume any bonds, notes, and powers supplemental to said authority to intervene, as agreed upon, with any current bonds and/or notes of the Puerto Rico Trade and Export Company regarding all obligations and rights under all bonds and/or notes issued by the Puerto Rico Trade and Export Company. Provided, that any revenues and interests earned on said bonds and/or notes shall be and continue to be exempt from taxation.

(j) Any other authority recognized under the Department of Economic Development and Commerce Reorganization Plan of 2018.

**Section 7. — Economic Development Administration.** (3 L.P.R.A. Ap. X, § VIII) [Note: [Act No. 141-2018](#), Sec. 2.3 repealed Section 7 and renumbered former Section 8 as Section 7]

The Economic Development Administration is hereby attached to the Department, and shall operate under Act No. 423 of May 14, 1950. The Administrator shall answer directly to the Secretary and shall render the reports that are required of him/her. The Governor shall appoint the Administrator with the advice and consent of the Senate and shall fix his/her salary.

The Industrial Development Company, attached to the Economic Development Administration, shall operate under Act No. 188 of May 11, 1942, as amended.

**Section 8. — Creation of the Economic Development Committee.** (3 L.P.R.A. Ap. X, § XIII) [Note: [Act No. 141-2018](#), Sec. 2.3 repealed former Section 13 and renumbered as Section 8]

The Economic Development Committee is hereby created, which shall be composed of the Secretary who shall preside, and the directors or heads of the components of the Department. The Committee shall within its functions, advise the Secretary on the implementation of the public policy and strategic planning of the economic and commercial development, as well as coordinating the operations and development of special projects.

**Section 9. — Responsibilities of the directors of the components.** (3 L.P.R.A. Ap. X, § XVI) [Note: [Act No. 141-2018](#), Sec. 2.3 repealed former Section 14 and renumbered as Section 9]

The directors of the operating components of the Department shall answer directly to the Secretary with regard to the efficient operation of their respective programs pursuant to the act which applies to them; as well as the compliance of the public policy, plans, goals and objectives established by the Governor of Puerto Rico and the Secretary; shall exercise their powers and faculties in harmony with and subject to the powers, faculties and functions of the Secretary, through the provisions of this Plan.

**Section 10. — Personnel administration.** (3 L.P.R.A. Ap. X, § V) [Note: [Act No. 141-2018](#), Sec. 2.3 repealed former Section 15 and renumbered as Section 10]

The Department and each of its components shall be classified as Individual Administrators pursuant to the provisions of Act No. 5 of October 14, 1975, known as the “Puerto Rico Public Service Personnel Act”, and Act No. 89 of July 12, 1979, known as the “Uniform Compensation Act”, with the exception of those components excluded from the law, which shall retain their present status. The Director of the Central Personnel Administration Office shall approve the classification and compensation plans in accordance with the laws cited above, on the basis of the certification by the Office of Management and the Budget, on the availability of funds.

**Section 11. — General services.** (3 L.P.R.A. Ap. X, § XVI)

The Department of Economic Development and Commerce and its operating components shall be exempted from the provisions of the “General Services Administration Organic Act”, and shall be governed by their own laws and the regulations established by the Secretary. The Department and its components shall establish through regulations, according to their legal authority, their own systems and regulation of purchases, supplies and auxiliary services, within sound norms of fiscal administration, economy and efficiency. Until the new system and regulations are approved, they shall continue to be governed by the present ones.

**Section 12. — Faculty to obtain assistance and enter into agreements.** (3 L.P.R.A. Ap. X, § XVII)

The Secretary is hereby authorized to request and obtain assistance or contributions in cash, goods or services of the Government of the United States, the federated states, the Government of the Commonwealth of Puerto Rico or any of its agencies, public corporations or political subdivisions, municipalities and nonprofit institutions, for the purposes of their Department.

The Secretary and the Department shall be the official and agency designated to administer any federal program related to the functions entrusted to the Department by this Reorganization Plan. In this capacity, the Secretary shall negotiate and transact any covenants or agreements that are needed to execute the negotiations for the Commonwealth of Puerto Rico to receive all federal funds and benefits to carry out said programs, as well as between government bodies of the federated states, and the federal government, duly authorized therefor, with regard to the exchange of information, studies and research related to the programs that are carried out, provided said covenants or agreements are within the framework of his/her functions and the laws of the Commonwealth of Puerto Rico.

**Section 13. — Transfer of personnel and property.** (3 L.P.R.A. Ap. X, § XVIII)

The personnel, property, resources, and records that are being used in connection with the functions, programs, or agencies and the unexpended balances of appropriations, items or other funds (available or to be available) are hereby transferred to the Department or the corresponding successor component agency that is transferred, merged or attached by the provisions of this



Reorganization Plan, to be used, employed or spent in connection with said functions, programs or agencies. Any subsequent measures and other provisions that the Governor deems are needed to carry out the transfers foreseen in this section, shall be made in the manner determined by the Governor and by the agencies designated by him/her.

**Section 14. — General provisions.** (3 L.P.R.A. Ap. X, § XIX)

No provision of this Plan shall be construed to modify, alter or invalidate any agreement, covenant, claim or contract that the responsible officials or employees of the bodies or programs which through this Plan are part of the Department, have granted and are in force when it became effective. Any claim filed by or against said officials or employees and which is pending resolution when this Plan becomes effective, shall subsist until its final conclusion.

All the regulations that govern the operation of the bodies or programs which are integrated into the Department through this Plan, which are in effect when it becomes effective, shall remain in effect until they are altered, modified, amended, repealed or replaced.

All career service employees in the agencies affected by this reorganization, are guaranteed their employment and the vested rights acquired under the personnel laws or regulations as well as the rights, privileges, obligations and status regarding any existing pension or retirement system or systems, or savings and loan funds to which they may be affiliated upon approval of this Plan.

None of what has been provided above, shall be construed as to the Department being liable for any debts that were validly contracted by any of the operational components. Said debts shall continue to be the responsibility of the body that incurred them.

**Section 15. — Transitory measures and internal adjustments.** (3 L.P.R.A. Ap. X, § XX)

The Governor is hereby empowered to take any transitory measures needed for the implementation of his Plan without interrupting the normal work of the bodies affected by it. He may also execute any additional internal reorganizations that are needed for the proper functioning of the Department, except that he/she shall not suppress bodies that are created by law. Those internal reorganizations that require legislation or amendments to statutes in effect, shall be introduced before the Legislature for its consideration and approval.

Within the year following the effectiveness of this Reorganization Plan, the Secretary shall submit an Internal Reorganization Plan to the Governor, which will consider the integration, as far as it is viable and functionally effective, of technical and managerial services common to all the components of the Departments, such as auditing, planning, economic studies, statistics, viability studies, environmental impact evaluations, legal advice and services, computerized data processing systems, and others. The Plan shall also include an analysis and recommendations on the agencies, functions and programs that should be transferred, relocated, merged or eliminated, as well as those that should be established, taking as a basis the Economic Model for Puerto Rico approved by the Governor. The restructuring shall have as its objectives, to eliminate unnecessary duplication, improve coordination, promote savings, and the proper use of public resources and achieve greater efficiency and effectiveness.

Within a term of fifteen (15) months, counted from the effective date of this Reorganization Plan, the Governor shall present in both Legislative Bodies a report on its implementation, together with the organization chart of the Department and its component bodies.

The report shall be filed in the Secretariats of the House of Representatives and the Senate, and shall be referred to the Joint Committee on Executive Reorganization Plans, which shall, within ten (10) days following the presentation of the report, call for public hearings to analyze and submit to the Legislative Bodies its findings, conclusions and recommendations.

The report shall include a statement of the measures established to increase the efficiency and productivity of the bodies that compose the entity, and shall specifically detail the mechanisms adopted, or to be adopted.

The Legislature retains the power to wholly or partially amend or reject the reorganization that has been made or proposed within the terms, and through the procedures established in the Executive Reorganization Act of 1993.

Pursuant to the determinations made throughout this process, the Secretary shall promote the filing of the bills leading to modifying the organic statutes of the component agencies of the Department of Economic Development and Commerce, in order to adjust them to the facts and requirements of their program's mission.

**Section 16. — Appropriation of funds.** (3 L.P.R.A. Ap. X, § XXI)

The sum of one hundred and sixty-five thousand dollars (\$165,000) chargeable to the resources of the General Fund, is hereby appropriated for the initial expenses of the organization and functioning of the Department during Fiscal Year 1993-94. The appropriations needed in subsequent fiscal years shall be consigned in the General Expense Budget.

**Section 17. — Effectiveness.** (3 L.P.R.A. Ap. X, § XXII)

This Reorganization Plan shall become effective immediately after its approval. The activities needed to comply with the purposes of this Plan, including its internal reorganization, shall be initiated within a term that shall not exceed thirty (30) calendar days after its approval, under the coordination, advice, and supervision of the Office of Management and Budget.

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 LPRA. 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 Reorganization Plan**, as approved by the Legislature of Puerto Rico.