

(H. B. 1480)

(No. 36)

(Approved July 29, 2005)

AN ACT

To amend paragraph (b) and to add paragraph (d) to sub-clause (ii) of clause (2) of paragraph (F) of Section 5 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance Act,” in order to restore fiscal resources to the University of Puerto Rico.

STATEMENT OF MOTIVES

The University of Puerto Rico, a public corporation reorganized by Act No. 1 of January 20, 1966, has the purpose and the responsibility to provide higher education of excellence to the people of Puerto Rico. In harmony with said purpose, the University has the mission of transmitting learning by means of the sciences and the arts, placing it at the service of the Puerto Rican community through the actions of its professors, investigators, students, and graduates.

Recognizing that education, particularly public education is one of the cornerstones of its future, the Island has an obligation towards the University of keeping adequate conditions for its operation, conservation, and development, attuned with the demands of the times. This commitment entails, among other things, fiscal financial support within the parameters that ensure its academic and administrative autonomy, as well as its institutional solvency.

To such ends, Act No. 2 of January 20, 1966, as amended, provided as a mechanism for financing the operations of the University, an annual

appropriation to be determined through a fixed formula which, at present, is nine point sixty percent (9.60) of “the average total amount of annual revenue collected pursuant to the provisions of the laws of the Commonwealth of Puerto Rico, in the two fiscal years immediately preceding the current fiscal year and covered into any of the special funds created by legislation after July 1, 1993, that are nourished from resources generated by taxation.”

The effectiveness of this formula as a method to guarantee the financial stability of the University within a framework of autonomy has been affected in several forms.

Act No. 221 of March 15, 1948, as amended, regulated for the first time games of chance in Puerto Rico, by providing that forty (40) percent of the money collected therefrom would be destined to finance higher education. Said legislation was amended by Act No. 2 of July 2, 1974, which authorized the placement of slot machines in gambling rooms. In addition, it was specified that twenty (20) percent of the net income of slot machines’ would be covered into the General Fund of the University of Puerto Rico to be used for financing its regular operations. Another twenty (20) percent of the net income would be covered into the then existing Educational Fund. Of the total sum, up to a maximum of fifteen (15) percent would be to defray the budget of the Council on Higher Education and the remainder would be distributed equally between the University of Puerto Rico and the private universities of the Island to be used for scholarships. This distribution was in effect until 1996-97.

Act No. 24 of July 26, 1997, established fundamental changes in the legislation regarding games of chance. On one hand, it authorized a higher number and variety of games. On the other hand, it established a new

distribution of the net income resulting from games. This new distribution had an adjustment period of three years, from 1997-98 to 1999-00, during which the General Fund of the Treasury of Puerto Rico received part of the surplus of the base period net income, as defined by the law itself, up to a maximum of thirty million (30,000,000) annually. As a consequence of this new amendment, the University stopped receiving funds in the same proportion it had been receiving the same since the approval of the original Games of Chance Act in 1948.

In 1999, the Legislature approved the Educational Opportunities Act, No. 138 of July 1, which provided that the funds received by the University under the Games of Chance Act would be transferred, subsequently, to a Educational Opportunities Special Fund. This public policy remains to this day.

This measure is directed to promoting the fiscal autonomy of the University. Thus, this Legislature hereby approves this legislation in order to ensure the welfare and financial solvency of our main education center.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- Paragraph (b) is hereby amended and paragraph (d) is hereby added to sub-clause (ii) of clause (2) of paragraph (F) of Section 5 of Act No. 221 of May 15, 1948, as amended, to read as follows:

“Section 5.- Games of Chance in licensed gambling rooms, authorized- payment and collection of license fees; investigation of revenues.-

...

“(F)(1)(i) ...

(2)(ii) For the 1998-99 fiscal year and subsequent fiscal years, Group B shall be composed of funds indicated below, and the

annual net income distributable to Group B shall be distributed as follows:

- a. ...
 - b. Fifteen point fifteen (15.15) percent shall be remitted to the Secretary of the Treasury, who shall deposit the total sum in the General Fund of the Commonwealth Treasury
 - c. ...
 - d. Forty-five point forty-five (45.45) percent shall be covered into the General Fund of the University of Puerto Rico on a monthly basis.
- ...”

Section 2.- This Act shall take effect on July 1, 2005.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 36 (H.B. 1480) of the 1st Session of the 15th Legislature of Puerto Rico:

AN ACT to amend paragraph (b) and to add paragraph (d) to sub-clause (ii) of clause (2) of paragraph (F) of Section 5 of Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance Act,” in order to restore fiscal resources to the University of Puerto Rico,

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

In San Juan, Puerto Rico, today 1st of February of 2006.

Francisco J. Domenech
Director