

(H.B. 2060)

(No. 142)

(Approved November 22, 2005)

AN ACT

To amend Section 4 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” in order to clarify the restrictions for the concession of licenses to operators and owners of adult entertainment machines; and for other purposes.

STATEMENT OF MOTIVES

The industry that has been developed for the operation of adult entertainment machines is potentially able to contribute a considerable amount of additional funds to the treasury of the Government by eliminating the restrictions that promote evasion and fraud. For the past seven years, after the approval of Act No. 22 of June 16, 1997 and Act No. 136 of December 11, 1997, the Department of the Treasury has not been effective in supervising the use of adult entertainment machines nor in the issue of licenses for operating these. The present Secretary of the Treasury intends to begin to apply these Laws adequately thus affecting those persons who hold licenses issued by the Department, in noncompliance with the aforementioned Laws. If it is true that at present there are thousands of these machines that lack licenses, it is none the less true that there are thousands whose licenses have been improperly issued.

The laws approved in 1997 amended the Games of Chance Act so as to, among other things, authorize the introduction, distribution, acquisition, sale, lease, transportation, placement, location, functioning, maintenance, operation, use, custody and possession of adult entertainment machines in businesses operating in Puerto Rico. As part of these amendments, a limit was imposed on the number of adult entertainment machines which a person could own, although those who could prove that they had owned adult entertainment machines by December 31, 1997 were exempted from this requirement.

After almost eight years under these circumstances, the limit imposed by the aforementioned amendments has fostered tax evasion through the falsification of the license stickers of entertainment machines and the establishment of a clandestine industry which does not comply with its taxation responsibilities. At this time of economic crisis, the elimination of the original limit shall not only promote the healthy competition within this industry, but shall also create greater economic activity and generate greater revenues on account of the licenses and license stickers issued for adult entertainment machines.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.-Section 4 of Act No. 11 of August 22, 1933, as amended, is hereby amended to read as follows:

“Section 4.-The introduction, distribution, acquisition, sale, lease, transportation, location, placement, functioning, maintenance, operation, use, custody and possession of adult entertainment machines in businesses or establishments operating in the Commonwealth of Puerto Rico is hereby authorized. When these are located and operated in a business authorized therefor, the permit for their use issued by the Regulations and Permits

Administration shall establish that they must be located at a distance of over two hundred (200) meters from a public or a private school or from a church or congregation that seeks spiritual serenity.

Any owner of an adult entertainment machine to whom a license has been issued for the operation of such a machine shall be authorized to arrange for the renewal of such a license with the Department of the Treasury pursuant to this Act.

The Secretary shall be bound to ensure compliance with all the provisions of the Laws in force and effect that concern adult entertainment machines. The Secretary shall likewise establish, through regulations, the necessary considerations to adequately supervise their management and taxation and the place where they may be located. He/she shall also establish the necessary procedure to ensure that every machine to be authorized as an adult entertainment machine is personally evaluated and certified to be an adult entertainment machine by the agents of the Bureau of Beverages and Licenses of the Department of the Treasury. He/she shall likewise determine the requirements and conditions for denying, suspending or revoking a license.

Section 2.-In case of the death of an original concessionaire, the license granted for the operation of adult entertainment machines shall remain in effect until the expiration date of such a license.

Section 3.-This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 142 (H.B. 2060) of the 2nd Session of the 15th Legislature of Puerto Rico:

AN ACT to amend Section 4 of Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act,” in order to clarify the restrictions for the concession of licenses to operators and owners of adult entertainment machines; and for other purposes,

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

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

Francisco J. Domenech
Director