

(H.B. 1271)

(No. 166)

(Approved December 28, 2005)

AN ACT

To amend clause (3)(L) of subsection (a) of Section 2052 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code of 1994,” in order to exempt from the payment of taxes the right of admission to the games of the Puerto Rico Superior National Basketball League.

STATEMENT OF MOTIVES

Basketball is one of the sports that has given the people of Puerto Rico some of its greatest moments of glory. However, at the local level we have seen how throughout the years the professional basketball industry has been declining in term of the number of teams participating and the attendance to the games. An example of this is the present year whereby the Mayagüez, Morovis, Quebradillas and Caguas teams seceded from the Superior National Basketball League. This precarious situation resulted in the participation of only nine (9) teams in the League tournament of 2005.

It is our responsibility to create mechanisms to foster, promote and make feasible and accessible the celebration of games and to further the development of the sport of basketball in Puerto Rico. It is thus necessary to grant tax relieves which, if not granted, would eventually bring about the end of the Superior National Basketball League. We must not forget that with the elimination of the pork barrel (*barril* and *barrilito*) legislative aids

these teams lost important economic contributions which are very necessary for their operation.

In view of the preceding, this Legislature amends the Internal Revenue Code of 1994, as amended, in order to establish that the tax imposed on the Superior National Basketball League teams on account of the admission tickets be exempted. The present legislation shall foster the expansion of this type of event in Puerto Rico allowing thousands of Puerto Rican families to enjoy one its is favorite sports.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.-Clause (3)(L) of subsection (a) of Section 2052 of Act No. 120 of October 31, 1994, as amended, is hereby amended to read as follows:

“(a) A tax of ... shall be levied ...

(1) Definitions ...

(A) “Public show” ...

(B) “Right of admission ...

(2) Determination ...

(A) If ...

(B) In the case ...

(3) Total exemptions ...

(A) Those held ...

(B) Those held ...

(C) Dances ...

(D) The first ...

(E) The first ...

(F) The games ...

(G) The games ...

(H) The price ...

- (I) All ...
 - (J) Theatrical or artistic shows ...
 - (K) Circuses ...
 - (L) The admission fees to the basketball games held in Puerto Rico as part of the tournaments of the Puerto Rico Superior National Basketball League and international tournaments sponsored by the Basketball Federation of Puerto Rico.
- (b) Every promoter ...
 - (c) The Secretary ...”

Section 2.-In consideration of this exemption, the participating teams of the Superior National Basketball League shall hold at least five (5) annual community activities in addition to those otherwise agreed upon with sponsors or municipalities which shall be certified once the natural year has concluded not later than February 28 of each year by the Office of the Secretary of the Senate and the Office of the Clerk of the House of Representatives.

Section 3.-Effectiveness.-

This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 166 (H.B. 1271) of the 2nd Session of the 15th Legislature of Puerto Rico:

AN ACT to amend clause (3)(L) of subsection (a) of Section 2052 of Act No. 120 of October 31, 1994, as amended, known as the “Puerto Rico Internal Revenue Code of 1994,” in order to exempt from the payment of taxes the right of admission to the games of the Puerto Rico Superior National Basketball League,

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