

(S. B. 1669)

**(No. 258)**

(Approved November 30, 2006)

## **AN ACT**

To amend Section 11 of Act No. 10 of May 24, 1989, as amended, in order to provide that the sum of three million (3,000,000) dollars from the balance of unclaimed prizes shall be covered into a special account, denominated as Special Fund for the Development of Minor Leagues, to be administered by the Sports and Recreation Department, and used to promote recreational and sports activities on the Island, emphasizing those activities aimed at persons with disabilities.

### **STATEMENT OF MOTIVES**

The mission of the Sports and Recreation Department (Department) is to improve the quality of life of all the citizens by promoting a better use of free time, ensuring that recreational and sports programming and facilities be accessible to everyone, notwithstanding their social or physical condition. Persons, communities and organizations are partners of the Department in the task of promoting recreation and sports; the Department acts as facilitating agent, identifying the needs and addressing the particular interests of communities and entities. The Department seeks to provide adequate safety conditions for every recreational and sports activity, thus assuming an active role in the maintenance, improvement, planning, and construction of new facilities, bearing in mind present and future programming.

At present, our children devote less time to physical activities if compared to children of yesteryear. The consequences are obvious: isolation,

addiction to video games, hyperactivity or sedentary lifestyles which promote childhood obesity. According to data gathered from a study conducted by the Recreation and Sports Department, our children are more prone to obesity than the children residing in the United States.

Of these children, eighty (80%) percent shall still be obese when adults. In addition, the obesity incidence is four times greater among children who watch four hours of television a day, according to a study conducted by the Bassett Healthcare's Research Institute in New York. Data provided by the Department of Health reveals that sixty four (64%) percent of our adult population is obese. We can conclude that if today's adults, who had healthier lifestyles and practiced physical activities regularly, are obese, it is highly probable that the adults of tomorrow shall exceed said figures in an alarming manner.

In view of this situation, it is imperative to provide the Sport and Recreation Department with mechanisms that allow the same to attain enough fiscal resources so that Base Sport, Community Initiative and Small League Programs and programs of the different sports disciplines may have in the Department an alternative for the purchase of essential equipment, materials, and for the purpose of maintaining the young on the right path and engaged in sports activities.

Act No. 10 of May 24, 1989, as amended, established the Additional Lottery System, commonly known as the Electronic Lottery, in order to offer new game alternatives to the citizenship as well as a new mechanism to cover resources into the treasury. Act No. 10 establishes a procedure for the distribution of the net income of the Additional Lottery: an amount is covered into the Housing Rental and Improvement Subsidy Program for Low Income Elderly Persons Fund, and another amount to the Municipal

Revenues Matching Fund. Furthermore, there are other resources of the Electronic Lottery such as the funds accrued for unclaimed prizes. The experience with this lottery system has been that millions of dollars have been accumulated in unclaimed prizes, which expire within 180 days after the day of the drawing. Section 11 of Act No. 10 provides that once the term to claim a prize expires, the unclaimed prize money shall be covered into the General Fund. In the past three years, the total of funds on account of unredeemable prizes fluctuate between four million in 2004, \$13.4 million in 2005, and in 2006 there is an unclaimed prize of \$4 million dollars that is about to be covered into the General Fund.

The present legislation provides for the amendment of Act No. 10, in order to provide that the sum of \$3 million dollars from the funds accumulated on account of unclaimed prizes shall be destined to promote recreational and sports activities. With this initiative, additional resources are allocated to the Sports and Recreation Department to maintain and extend sports activity programs geared towards the Puerto Rican youth, as well as to strengthen the entities and people facilitating the sports activity. In this manner, activities are promoted that keep our youth active, prevent sedentary lifestyles and obesity, and offer alternatives to fight idleness and juvenile delinquency.

This initiative could be one of various alternatives to set aside resources that would provide the Department with additional resources to help these sports groups and entities. After the approval of the Tax Reform, the possibility must be evaluated that the special account herein created, may also be nourished by the proceeds from the sale of electronic and video games. The video game industry has a large volume of sales and it is expected that the same shall continue to grow. Thus, it may be concluded

that the distribution of the proceeds specifically generated by the sale of video games shall allow for the allocation of additional resources that foster the development of programs that counteracts the lack of physical activity associated with the use of these products.

The truth is that today, although sports are more necessary than ever to provide preventive alternatives to the young in order to fight crime and childhood obesity, there are fewer resources for recreational leaders and sports event planners to execute their programs. Not only are they unable to start new programs, but also the effectiveness and scope of existing programs have decreased. Furthermore, Minor League Programs have been dramatically affected by the elimination of legislative aids. Recreational associations, sports event organizations, coaches and parents resort daily to the Sports and Recreation Department desperately requesting any financial aid to continue with their programs, aid which cannot be granted due to the lack of resources. The creation of the Special Fund for the Development of Minor Leagues constitutes an alternative that provides the necessary resources to sports initiatives intended for youths of up to 18 years of age.

**BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:**

Section 1.- Section 11 of Act No. 10 of May 24, 1989 is hereby amended to read as follows:

“Section 11.- Prizes.

The additional lottery tickets shall be deemed as bearer bonds and the person who holds said ticket and presents it for collection shall be recognized as the sole owner of the prize. No prize whatsoever shall be adjudicated nor paid to the person claiming said prize if he/she does not present the winning ticket and it is validated through the established system. The Secretary shall establish the system for verifying the validity and

legality of the winning tickets, as well as the place, form and manner that the payments shall be made, through regulations.

It may be provided that the prizes may be paid by the vendor as well as by banking institutions and private entities established in Puerto Rico that are willing to do so through an agreement with the Secretary and pursuant to the rules promulgated by him/her.

The right to collect a prize shall expire in one hundred and eighty (180) days, counted from the day following the date that the corresponding drawing is verified, and any unclaimed prize money shall remain for the benefit of the Government of Puerto Rico, provided that before covering the Additional Lottery unclaimed prize money into the General Fund, the sum of one million five hundred thousand (\$1,500,000) dollars in the first year; two million (\$2,000,000) dollars the second year; and three million (3,000,000) dollars in the third and subsequent years, shall be covered into an account different and separate from any other account or funds of the Commonwealth government, denominated as the Special Fund for the Development of Minor Leagues, which shall be administered by the Sports and Recreation Department, to promote activities related to recreation and sports on the Island, thus emphasizing those activities aimed at persons with disabilities. The Sports and Recreation Department shall annually submit a report on the intended use for the resources that shall be covered into the special account, to both the Office of Management and Budget and the Legislature through the Office of the Secretary of the Senate or the Office of the Clerk of the House. The required annual report shall be filed not later than January 30 of each year; and the remainder of unused funds as of said date shall be covered into the General Fund of the Commonwealth.

Once the prize is paid off or the abovestated term of one hundred and eighty (180) days has elapsed, the Commonwealth shall be released from any liability.”

Section 2.- The Department of the Treasury is hereby exempted from compliance with Act No. 230 of July 23, 1974, as amended, known as the “Government Accounting Act,” as to the creation of the Special Fund that shall be employed by the Sports and Recreation Department to attain the purposes of this Act.”

Section 3.- The Secretary of the Sports and Recreation Department shall adopt, within a term of not more than ninety (90) days after the effective date of this Act, the regulations for the filing of applications, the distribution and allocation of the resources covered into the Special Fund for the Development of Minor Leagues, as well as any other normative provision necessary for the efficient implementation of this Act.

Section 4.- This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 258 (S.B. 1669) of the 4<sup>th</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to amend Section 11 of Act No. 10 of May 24, 1989, as amended, in order to provide that the sum of three million (3,000,000) dollars from the balance of unclaimed prizes shall be covered into a special account, denominated as Special Fund for the Development of Minor Leagues, to be administered by the Sports and Recreation Department, and used to promote recreational and sports activities in the Island, emphasizing those activities aimed at persons with disabilities,

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

In San Juan, Puerto Rico, today 31<sup>st</sup> of July of 2007.

Francisco J. Domenech  
Director