

# H. R. 11610

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1926

Mr. DAVILA introduced the following bill; which was referred to the Committee on Insular Affairs and ordered to be printed

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## A BILL

To amend and reenact sections 3, 20, 31, 33, and 38 of the Act of March 2, 1917, entitled "An Act to provide a civil government for Porto Rico, and for other purposes," as amended by an Act approved June 7, 1924, and for the insertion of two new sections in said Act between sections 5 and 6 and sections 41 and 42 of said Act, to be designated as "5a" and "41a" of said Act.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*  
3        That section 3 of an Act entitled "An Act to provide  
4        a civil government for Porto Rico, and for other purposes,  
5        approved March 2, 1917, as amended by an Act approved  
6        February 3, 1921, be, and the same is hereby, amended to  
7        read as follows:

1       “SEC. 3 (as amended by Act of Congress, approved  
2 February 3, 1921). That no export duties shall be levied  
3 or collected on exports from Porto Rico, but taxes and  
4 assessments on property, income taxes, internal revenues,  
5 and license fees and royalties for franchises, privileges, and  
6 concessions may be imposed for the purpose of the insular  
7 and municipal governments, respectively, as may be pro-  
8 vided and defined by the Legislature of Porto Rico: and  
9 when necessary to anticipate taxes and revenues, bonds and  
10 other obligations may be issued by Porto Rico or any  
11 municipal government therein as may be provided by law  
12 and to protect the public credit: *Provided*, That no public  
13 indebtedness of the insular government of Porto Rico or of  
14 any subdivision or municipality thereof shall be authorized  
15 or allowed in excess of 10 per centum of the aggregate  
16 tax valuation of its property: *Provided, however*, That the  
17 insular government of Porto Rico may issue its bonds for the  
18 purpose of obtaining funds to loan to any municipal corpora-  
19 tion of Porto Rico, such loan being duly authorized by an  
20 ordinance, approved by the executive council and secured by  
21 the deposit with the insular government of an equivalent  
22 amount of bonds of such municipal corporation, in which  
23 case the bonds issued by the insular government shall not  
24 be counted as part of its public indebtedness in determining  
25 its debt limitation: *And provided further*, That in cases

1 where loans are made and bonds issued by any municipality  
2 of Porto Rico which have been duly authorized and approved  
3 by the executive council, for the payment of which the  
4 faith and credit of the people of Porto Rico is pledged, the  
5 said pledge shall not be counted as part of the public indebt-  
6 edness of the insular government in determining the limit  
7 of its indebtedness: *And provided further*, That in comput-  
8 ing the indebtedness of the people of Porto Rico, bonds  
9 issued by the insular government for irrigation purposes  
10 when the interest and principal of such bonds are payable  
11 from the proceeds of a special tax levied on the landowners  
12 and property benefited by the irrigation system to which  
13 such loans are to be applied shall not be counted as part of  
14 the indebtedness of the people of Porto Rico in determining  
15 the limit of the insular indebtedness.

16 *“And it is further provided*, That all bonds issued by  
17 the government of Porto Rico or by its authority shall be  
18 exempt from taxation by the Government of the United  
19 States or by the government of Porto Rico or of any political  
20 or municipal subdivision thereof, or by any State, county,  
21 municipality, or other municipal subdivision of any State  
22 or Territory of the United States or by the District of  
23 Columbia.

24 *“And it is further provided*, That the internal-revenue  
25 taxes levied by the Legislature of Porto Rico in pursuance of

1 the authority granted by this Act on articles, goods, wares,  
2 or merchandise may be levied and collected as such legis-  
3 lature may direct, on the articles subject to said tax, as soon  
4 as the same are manufactured, sold, used, or brought into  
5 the island: *Provided*, That no discrimination be made be-  
6 tween the articles imported from the United States or for-  
7 eign countries and similar articles produced or manufactured  
8 in Porto Rico. The officials of the Customs and Postal  
9 Services of the United States are hereby directed to assist  
10 the appropriate officials of the Porto Rican government in  
11 the collection of these taxes.”

12 SEC. 2. That a new section is hereby inserted between  
13 sections 5 and 6 of the Act entitled “An Act to provide a civil  
14 government for Porto Rico, and for other purposes,” ap-  
15 proved March 2, 1917, as amended, as follows:

16 “SEC. 5a. That citizens of the United States referred  
17 to in section 5 of an Act entitled “An Act to provide  
18 a civil government for Porto Rico, and for other purposes,”  
19 approved March 2, 1917, as amended, and other citizens of  
20 the United States permanently domiciled in the island for  
21 more than three years shall also be citizens of Porto Rico:  
22 *Provided*, That persons born in Porto Rico of alien parents,  
23 referred to in the last paragraph of said section, who did  
24 not avail themselves of the privilege granted to them of  
25 becoming citizens of the United States, shall have a period

1 of one year from the approval of this Act to make the decla-  
2 ration provided for in the aforesaid section: *And provided*  
3 *further*, That persons who elected to retain the political  
4 status of citizens of Porto Rico may become citizens of the  
5 United States upon the same terms and in the same manner  
6 as is provided for the naturalization of native Porto Ricans  
7 born of foreign parents.”

8 SEC. 3. That section 20 of the said Act be, and the  
9 same is hereby, amended to read as follows:

10 “SEC. 20. That there shall be appointed by the Presi-  
11 dent an auditor, at an annual salary of \$6,000, for a term  
12 of four years and until his successor is appointed and quali-  
13 fied. There shall be an assistant auditor and such other  
14 necessary assistants and employees as may be prescribed by  
15 law. The auditor shall appoint the assistant auditor. In  
16 case of the absence from duty, from any cause, of the auditor,  
17 the assistant auditor shall exercise all the powers and per-  
18 form all the duties of the auditor during such absence; and  
19 in case of the absence from duty, from any cause, of both the  
20 auditor and the assistant auditor, the Governor of Porto  
21 Rico shall designate an assistant who shall have charge of  
22 the office.

23 “The auditor shall examine, audit, and settle all ac-  
24 counts pertaining to the revenues and receipts from what-  
25 ever source of the government of Porto Rico and of the

1 municipal funds derived from bond issues; and he shall  
2 examine, audit, and settle, in accordance with law and  
3 administrative regulations, all expenditures of funds and  
4 property pertaining to or held in trust by the government  
5 of Porto Rico or the municipalities or dependencies thereof.  
6 He shall perform a like duty with respect to all government  
7 branches.

8       “ The auditor shall keep the general accounts of the  
9 government, be the custodian of and preserve the vouchers  
10 pertaining thereto. The jurisdiction of the auditor over  
11 accounts, whether of funds or property, and all vouchers  
12 and records pertaining thereto, shall be exclusive. It shall  
13 be the duty of the auditor to bring to the attention of the  
14 proper administrative officer expenditures of funds or prop-  
15 erty which, in his opinion, are extravagant, excessive, un-  
16 necessary, or irregular.

17       “ The decisions of the auditor shall be final, except  
18 that appeal therefrom may be taken by the party aggrieved  
19 or the head of the department concerned within one year,  
20 in the manner hereinafter prescribed. The auditor shall,  
21 except as hereinafter provided, have like authority as that  
22 confirmed by the law upon the Comptroller General of the  
23 United States, and is authorized to communicate directly  
24 with any person having claims before him for settlement,

1 or with any department, officer, or person having official  
2 relation with his office.

3       “ The auditor, with the approval of the governor, shall  
4 from time to time make and promulgate general or special  
5 rules and regulations not inconsistent with law covering the  
6 methods of accounting for public funds and property, and  
7 funds and property held in trust by the government or  
8 any of its branches: *Provided*, That any officer accountable  
9 for public funds or property may require such additional  
10 reports or returns from his subordinates or others as he  
11 may deem necessary for his own information and protection.

12       “ In the execution of his duties the auditor is authorized  
13 to summon witnesses, administer oaths, and to take evidence,  
14 and, in the pursuance of these provisions, may issue sub-  
15 pœnas and enforce the attendance of witnesses, and compel  
16 witnesses to produce books, letters, documents, papers,  
17 records, and all other articles deemed essential to a full under-  
18 standing of the matter under investigation.

19       “ As soon after the close of each fiscal year as the account  
20 of said year may be examined and adjusted, the auditor  
21 shall submit to the governor an annual report of the fiscal  
22 concern of the government, showing the receipts and disburse-  
23 ments of the various departments and bureaus of the gov-  
24 ernment and of the various municipalities, and make such  
25 other reports as may be required of him by the governor

1 or the head of the executive department of the Government  
2 of the United States to be designated by the President as  
3 herein provided.

4 “The office of the auditor shall be under the general  
5 supervision of the governor.”

6 SEC. 4. That section 31 of the said Act be, and the  
7 same is hereby, amended to read as follows:

8 “SEC. 31. That members of the senate and house of  
9 representatives of Porto Rico shall receive compensation at  
10 the rate of \$7 per day for the number of days of each regu-  
11 lar session and of each special session while in session and  
12 mileage for each regular session and each special session at  
13 the rate of 10 cents per kilometer for each kilometer actually  
14 and necessarily traveled in going from their place of resi-  
15 dence in their legislative districts to the capital and return-  
16 ing therefrom to their place of residence in their legislative  
17 districts by the usual routes of travel: *Provided*, That mile-  
18 age for only one trip in going to and from each regular ses-  
19 sion and each special session shall be allowed: *And pro-*  
20 *vided further*, That the members of the senate and house of  
21 representatives of Porto Rico shall not be entitled to nor  
22 receive any emoluments, remuneration, compensation, or  
23 payment for services or expenses other than the \$7 per day  
24 compensation for services and 10 cents per kilometer for  
25 travel expense in this section authorized.”



1           SEC. 5. That section 33 of the said Act be, and the same  
2 is hereby, amended to read as follows:

3           “SEC. 33. That regular sessions of the legislature shall  
4 be held annually, convening on the second Monday in Febru-  
5 ary of each year, unless otherwise provided by the legis-  
6 lature; the governor may call special sessions of the legis-  
7 lature; or of the senate at any time when in his opinion the  
8 public interests may require it, but no special session shall  
9 continue longer than fourteen calendar days, and no legis-  
10 lation shall be considered at such session other than that  
11 specified in the call therefor or in any special message by  
12 the governor to the legislature while in such session.”

13           SEC. 6. That section 38 of the said Act be, and the  
14 same is hereby, amended to read as follows:

15           “SEC. 38. That all grants of franchises, rights, privi-  
16 leges, and concessions of a public nature shall be made by a  
17 public service commission consisting of a public service com-  
18 missioner, who shall be the president of the said commission,  
19 and two associated commissioners to be appointed by the  
20 governor with the advice and consent of the Senate, for a  
21 term of four years and until their successors shall be  
22 appointed and shall have qualified: *Provided*, That the  
23 present elective members of the said commission shall con-  
24 tinue to be members of said commission until their term of  
25 office expires as now provided by law and shall form the

1 commission together with the three members appointed by  
2 the governor as aforesaid, until the expiration of such period  
3 of their services and not thereafter. The salary of the  
4 commissioner shall be \$6,000 a year and the said  
5 commissioner shall devote his entire time to his duties as  
6 such commissioner. The compensation of the associated  
7 members, both those elected and appointed, shall be \$10  
8 for each day's attendance at the sessions of the commission;  
9 but in no case shall they receive more than \$1,000 during  
10 any one year. The said commission is empowered and  
11 directed to discharge all the executive functions relating to  
12 public service corporations heretofore conferred by law upon  
13 the executive council and such additional duties and func-  
14 tions as may be conferred upon said commission by the  
15 legislature. Franchises, rights, and privileges granted by  
16 the said commission shall not be effective until approved by  
17 the governor and shall be reported to Congress, which hereby  
18 reserves the power to annul or modify the same.

19       “ The Interstate-Commerce Act and the several amend-  
20 ments made or to be made thereto, the Safety Appliance  
21 Acts and the several amendments made or to be made  
22 thereto, and the Act of Congress entitled ‘An Act to amend  
23 an Act entitled “An Act to regulate commerce,” approved  
24 February 4, 1887, and all Acts amendatory thereof, by  
25 providing for a valuation of the several classes of property

1 of carriers subject thereto and securing information concern-  
2 ing their stocks, bonds, and other securities,' approved  
3 March 1, 1913, shall not apply to Porto Rico.

4 "The legislative assembly of Porto Rico is hereby  
5 authorized to enact laws relating to the regulation of the  
6 rates, tariffs, and service of all public carriers in Porto Rico,  
7 and the public service commission hereby created shall have  
8 power to enforce such laws under appropriate regulation."

9 SEC. 7. That a new section is hereby inserted between  
10 sections 41 and 42 of the Act entitled, "An Act to provide  
11 a civil government for Porto Rico, and for other purposes,"  
12 approved March 2, 1917, as amended, as follows:

13 "SEC. 41a. That the provisions of section 3224 of  
14 the Revised Statutes of the United States, which reads as  
15 follows, 'No suit for the purpose of restraining the assess-  
16 ment or collection of any tax shall be maintained in any  
17 court,' shall be and is hereby, extended to Porto Rico:  
18 *And it is further provided,* That no interlocutory or pre-  
19 liminary injunction suspending or restraining the enforce-  
20 ment or execution of any law or statute of Porto Rico by  
21 restraining the action of any officer of said island in the  
22 enforcement or execution of such statute, or in putting it  
23 into effect or in executing any order made by any adminis-  
24 trative department, board, or commission acting under and  
25 pursuant to any statute of said island, shall be issued or

1 granted by the judge of the United States District Court  
2 of Porto Rico upon the ground of the unconstitutionality  
3 of such law or statute, unless the application for such in-  
4 junction shall be presented to said United States district  
5 judge, and said application shall be heard by said Federal  
6 judge and by two judges of the Supreme Court of Porto  
7 Rico, and shall not be granted unless a majority of said three  
8 judges shall concur in granting such application.

9       Whenever such an application as aforesaid, is pre-  
0 sented to said Federal judge, he shall immediately call to  
1 his assistance to hear and determine such application two  
2 judges of the Supreme Court of Porto Rico. Said applica-  
3 tion shall not be heard before at least five days' notice of  
4 the hearing has been given to the Governor and to the  
5 attorney general of Porto Rico and to such persons or  
6 parties as may be defendants in the suit. The hearing  
7 shall be given precedence on the calendar of said Federal  
8 court, and the cause shall be assigned for hearing at the  
9 earliest practicable day after the expiration of the five days'  
0 notice hereinbefore provided for. An appeal may be taken  
1 directly to the Supreme Court of the United States from  
2 any order granting or denying an interlocutory injunction  
3 in such cases."



97<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

H. R. 11610

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# A BILL

To amend and reenact sections 3, 20, 31, 33, and 38 of the Act of March 2, 1917, entitled "An Act to provide a civil government for Porto Rico, and for other purposes," as amended by an Act approved June 7, 1924, and for the insertion of two new sections in said Act between sections 5 and 6 and sections 41 and 42 of said Act, to be designated as "5a" and "41a" of said Act.

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By Mr. DAVILA

APRIL 26, 1926

Referred to the Committee on Insular Affairs and  
ordered to be printed