

Regulatory Law for the Development and Execution of the Tourist Project Gulf of Papagayo

No. 6758 of May 6 of 1982, published in La Gaceta No. 122 of June 25 of 1982.

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Article 1.-By the present law is regulated the development and execution of the tourist project Papagayo, carried out at Culebra Bay, province of Guanacaste.

Article 2.-Only the works foreseen in the Master Plan, approved by the Costa Rican Tourist Board, may be carried out in the area destined for development of this project. Likewise, all the works agreeing with the same, in agreement with the dispositions of this law and according to the technical norms that the Costa Rican Tourist Board issues for that effect.

Article 3.-Areas destined to the development of the tourist project Papagayo, which are not duly registered in the Public Registry of Property, being rights of possession, will be inscribed at the Costa Rican Tourist Board's name, without other proceedings than presentation of the surveiller's maps and the document (s) and sales contract of the right (s), without damage to third parties.

Article 4.-Banks of the National Banking System and the State's institutions are authorized to give loans to the grantees of the development the law refers to, with guarantee of the respective concession and its buildings, improvements and premises.

Article 5.-For exclusive use of the Costa Rican Tourist Board, as regards execution of the project, is exonerated of payment of every kind of taxes, the purchase and import of machinery, equipment and materials for construction, development and execution of the tourist activity foreseen in this law. The Costa Rican Tourist Board may equally do an auction sale, tax free, prior agreement of the Board of Directors, of the equipment and materials not in use or deteriorated, once consulting the autonomous State institutions, the Ministry of Public Works and Transport, and Municipalities of the country, if these institutions are not interested in acquiring these goods, at their base price. The price will be fixed, in each case, by an expert on the subject, designated by the Comptrollership General of the Republic. The auctions will be celebrated in conformity with procedures foreseen in the Financial Administration Law of the Republic and the Regulation of Administrative Contracting.

Article 6.-For compliance with what's disposed in this law and its incidental legal dispositions, the Executive Power, through the Ministry of Public Treasury, will contract, in conformity with the code of law and on behalf of the Costa Rican Tourist Board, external credit to an amount up to forty million dollars or its equivalent in another currency, under the most favorable conditions. Ten per cent (10%) of this credit will be destined to development of projects, feasible in the rest of the country. In any case, the respective loans shall be done taking into account the State's payment capacity, whose endorsement is authorized.

The Executive Power shall include in the budget, yearly, and the necessary sums to pay

the debts originated in such loans.

Article 7.-The Costa Rican Tourist Board will create a special fund, destined to the development and execution of the project. To that end, the Costa Rican Tourist Board will consign in the annual budget, the necessary sum, according to recommendations of the executing office, and according to its economic capacity. All resources generated by the project itself will go to the mentioned fund. Any remnant produced, once the project's needs are covered, will be destined to development of feasible projects in the rest of the country, with priority given to those areas of tourist vocation that deserve investment plans.

Article 8.-In conformity with what's disposed in article six of this law, the executive power will contract credits necessary for the Costa Rican Tourist Board to invest in and build all the necessary works and basic infrastructure for the total development of the project, as well as housing and facilities necessary to build a tourist town, complement of the project to be developed. To such purpose, the Costa Rican Tourist Board will also hire and request the necessary credit from the banks of the National Banking System.

Article 9.-To execute and develop the project, the Costa Rican Tourist Board will create an executing office which will exclusively have the power of directing, coordinating, managing and controlling the development referred to in this law. This office is ascribed to the Costa Rican Tourist Board, depending directly from its Board of Directors.

Article 10.-The executing office will have an Advisory Board, integrated by three representatives of the Costa Rican Tourist Board and two of the private sector, with experience in tourism, which will be elected by the Costa Rican Tourist Board's Board of Directors. The Advisory Board will be presided by the executive president of the Costa Rican Tourist Board or of the one designated by its Board of Directors in his absence for these effects. The executive president will be the legal agent with all the legal faculties given by a universal power of attorney.

Article 11.- For execution of the duties proper to the project, the Advisory Board will appoint an executive director, as well as the strictly necessary staff. The current servants of the executing office will keep all of the rights acquired in conformity to labor legislation.

Article 12.- The Costa Rican Tourist Board's Board of Directors may grant concessions over the use of the project's lands in the area destined to the same, in conformity with the terms and conditions established by the Costa Rican Tourist Board to that purpose, and in conformity with the dispositions of article 107 of the Law of Financial Administration of the Republic.

Article 13.- The Costa Rican Tourist Board's Board of Directors will cancel a concession granted in any of the following cases:

-Non-compliance of the grantee as regards the purposes of the project and technical

norms issued by the Costa Rican Tourist Board.

-Violation of legal and regulatory dispositions.

-Non-compliance with contractual clauses.

ch) Variations in the destination indicated for lands or buildings.

d) When dispositions and orders of the executing office are not obeyed as regards the previously established aspects

e) When a concession is transferred, totally or partly, without the prior and express authorization of the Costa Rican Tourist Board

In the mentioned cases, premises or buildings will become part of the Costa Rican Tourist Board's patrimony, without affecting the payment of damages caused to the project.

Article 14.- The Costa Rican Tourist Board's Board of Directors will declare a concession as terminated in the following cases:

a) Expiration of the term, without an express request for extension.

b) Renunciation of the interested.

c) Death or legal absence of the grantee who has not left heirs.

ch) Dissolution, in case of legal persons.

Article 15.- The Costa Rican Tourist Board may rescue a concession due to public interest or force majeure. In these cases the grantee will be acknowledged the value of buildings and existing improvements, appraised by experts appointed by the General Department of Direct Taxation, and of mutual consent; he will be given a relocation to keep developing its activity in the development area.

Article 16.- When a concession is cancelled, expired or rescued, or its term expired, all the rights or powers corresponding to the grantee in accordance to the law, will return to the Costa Rican Tourist Board.

Article 17.- An adequate plot of land must be reserved in the project development's area, for national organizations or institutions in charge of programs related to third age, so they can build recreational facilities to give attention to beneficiary persons of these programs. These premises shall be in accordance to the project's master plan regulations.

Article 18.- This law is of public interest and annuls any norm that opposes it, except as

to grant rights or authorization to public right entities, to receive fees or tariffs, or in any way grants them economic benefits. The concept of public zone may not be varied, as is referred to in article 20 of the law No. 6043 of March 2 of 1977.

Article 19.-In effect from its publication.

Transitory.-Article 9 of the law No. 6370 of September 13 of 1979 is amended. Its text will be as follows:

“Article 9.-Two years after the publication of the present law, administrative proceedings must be concluded, in relation to the acquisition, by mutual agreement, of the real estate and rights mentioned in article 1º and, in this case, the corresponding expropriation decree published. In omission of those juridical acts, properties and rights of possession will automatically be free of the declaratory of public utility, and the respective owners will recover the absolute exercise of power of control over those goods and rights. To comply with what’s disposed in the present law; Costa Rica’s Central Bank is authorized to contract internal credits to the benefit of the Costa Rican Tourist Board, in the most favorable conditions that can be obtained (term, interest rate, period of grace) to an amount up to fifteen million colones (15 000000).”

Communicate to the Executive Power.

Legislative Assembly. San José, at day six of the month of May of nineteen eighty-two.

Hernán Garrón Salazar
President

Victor Hugo Alfaro Alfaro
First Secretary

Edgar Guardiola Mendoza
Second Secretary

Presidency of the Republic, San José, at day four of the month of June of nineteen eighty-two.

To be executed and published

Luis Alberto Monge

Francisco Morales Hernández
Minister of Agriculture and Livestock Farming

Fernando Berrocal Soto
Minister of the Presidency