

Home / Regresar

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SECOND ANNUAL REPORT

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OF THE

GOVERNOR OF PORTO RICO,

COVERING THE PERIOD

From May 1, 1901, to July 1, 1902.

RESPECTFULLY SUBMITTED TO

HON. THEODORE ROOSEVELT,
President of the United States,

Through the HON. JOHN HAY, Secretary of State,

BY

WILLIAM H. HUNT,
Governor of Porto Rico.

JULY 1, 1902.

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lose color and are often enervated. Children do not suffer, and men who exercise freely do better than those who do not. Persons who have been here several years unite, however, in advising the most nourishing food as essential for health. If one can get the same food in Porto Rico that he has been used to, he can feel quite sure of being well physically, and he need not fear bringing a family to the island.

CORPORATIONS AND FRANCHISES.

The island has an excellent general corporation statute adopted by the last legislature, modeled after the New Jersey laws upon the same subject. The insular secretary exercises a general supervision over corporations, both domestic and foreign. In the case of domestic corporations, the secretary must issue his certificate, over his seal, that the articles of incorporation containing the statements required by law have been duly filed in his office before the existence of such corporation shall begin. In the case of both domestic and foreign corporations, annual reports covering certain specified points must be filed in the office of the secretary.

The restriction of the act of Congress limiting corporate ownership of land in Porto Rico to 500 acres is often urged as a cause deterring the investment of American capital. That it has been a source of some embarrassment to persons desiring to organize into corporations to cultivate sugar cane in the island can not be disputed, and the executive council has, within the past few months, passed a resolution recommending a modification of the statute. A sugar estate of 500 acres is hardly large enough to tempt capitalists subscribing to stock investments. The principle which would prevent a few corporations from acquiring unlimited quantities of cane lands, perhaps all in Porto Rico, is a salutary one, but on the other hand, to confine ownership to tracts of 500 acres is to encounter the danger of a limitation which may retard development through the usual means of corporate organization. The subject is important, and our observation has led us to believe that it would be wise to allow somewhat larger but always restricted ownership.

Franchises.—Franchises are granted by the executive council after formal application and hearing. Report of those granted is made to Congress through the President. In those which have been given, the council has required royalties in the way of percentages of gross receipts. The principle thus established is sound, and as the business of the grantee develops, the returns to the public will increase.

CONCLUSION.

Having referred to the more important topics which have presented themselves as proper to lay before you, I close my report. The year