

[Act No. 2479, February 05, 1915]

AN ACT CREATING A CENTRAL SUGAR BOARD FOR THE PURPOSE OF PROMOTING AND ASSISTING IN THE ESTABLISHMENT OF SUGAR CENTRALS IN THE PHILIPPINE ISLANDS; PROVIDING FOR THE REPAYMENT OF THE FUNDS ADVANCED BY THE GOVERNMENT IN CONNECTION WITH SUGAR CENTRALS, AND FOR OTHER PURPOSES.

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION 1. A central sugar board is hereby created, consisting of the Governor-General, the Speaker of the Philippine Assembly, or their authorized representatives, and three members appointed by the Governor-General with the consent of the Philippine Commission.

SEC. 2. It shall be the duty of this board to promote and aid in the establishment of sugar centrals with their machinery, equipment, rights of way, railroads, and other appurtenances for the manufacture of sugar and industries derived therefrom in the sugar-producing provinces, if in its judgment the local conditions warrant the establishment of a sugar central.

SEC. 3. The central sugar board shall have the following powers:

- (a) To guarantee to the concern establishing a sugar central the payment of its value and interest from the net proceeds of the sugar manufactured, after deduction of fifty per centum of the gross product, which shall be distributed pro rata among the producers of the cane milled and after the further deduction of the operating expenses.
- (b) To purchase from a corporation or corporations composed of owners of land planted in sugar cane, bonds issued upon the security of the property of said corporation or upon the security of first mortgages upon the land or part of the land of the individual owners who are stockholders in the said corporation, or upon both the securities mentioned.
- (c) To make loans secured by first mortgage to a corporation or corporations owning and operating a sugar central or sugar centrals for additions and improvements thereto.

SEC. 4. For the purposes of the next preceding section the central sugar board is hereby authorized—

- (a) To enter into negotiations with, receive propositions from, and make contracts on behalf of the corporations taking advantage of the benefits of this Act with constructing firms or concerns engaged in the establishment of sugar centrals.
- (b) To select the points where the centrals shall be established, taking into account the largest number of persons benefited whenever compatible with the business interests of the central.
- (c) To determine the operating capacity of the central to be established.
- (d) To demand that the minimum production of cane necessary for the economic operation of the central be guaranteed.

- (e) To establish rules and conditions under which it will furnish aid to the sugar centrals.
- (f) To make proper provision for the training of technical supervisors, employees, and laborers who may take part in the work of a sugar central receiving the benefits of this Act.
- (g) And any other powers necessary for carrying out the purposes specified in this Act.

SEC. 5. Except by permission of the central sugar board, no owner of land or of cane contracted for by a central may, within twenty years from and after the date of the contract, give, sell, alienate, or in any other manner dispose of or engage his production of cane to any person other than the central.

No proprietor of land under contract with a central may, within twenty years from and after the date of the contract, give, sell, alienate, or in any other manner dispose of or engage his property without the consent of the central sugar board.

And any other agreement, document, or transaction made in violation of this section shall be null and void: *Provided*, That the provisions of this section shall be applicable only to contracts made with sugar centrals who have taken advantage of the benefits of this Act.

SEC. 6. The centrals constructed or operated under this Act shall be under the supervision of the central sugar board until the capital and interest have been paid off and the Government has completely disengaged itself from the obligations contracted in connection with the guaranty granted by it.

In the case of the purchase of bonds or of a loan granted to sugar central corporations, the central sugar board shall have the right to appoint a person who shall have intervention in the operation of the central and whose compensation shall be fixed by the Governor-General and paid by the corporation concerned.

SEC. 7. A sum not to exceed two million pesos of the gold standard fund shall be available for investment by the Insular Treasurer, with the approval of the Governor-General, in accordance with the provisions of this Act: *Provided*, That the central sugar board shall not purchase bonds of any corporation except under the following terms and conditions, among others: That the amount of bonds issued by the corporation shall not exceed sixty per centum of the value of the property offered as security; that before such purchase is made, such corporation shall have contracts with the owners of not less than one thousand hectares of land suitable for the cultivation of sugar, obligating such owners to cultivate in sugar cane a reasonable area of their holdings and to deliver and sell to the corporation all the sugar cane produced on such land and to convey to the corporation such rights of way as the corporation may deem necessary for roads and railroads connecting the mill with the fields; that the majority of the owners of said lands shall be stockholders in the corporation, and that the corporation shall provide for a sinking fund to be deposited with the Insular Treasurer for the retirement of the bonds; that the payment for the retirement of the bonds shall have preference over any dividends or profits of the stockholders and shall be sufficient for the total extinction of the debt in not exceeding twenty years; but until all bonds issued by such corporation shall be fully paid or money sufficient to pay the same safely deposited for that purpose with the Insular Treasurer, no dividend in excess of ten per centum per annum shall be paid