

LAW TO PROMOTE SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT

LAW NO. 7169

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TITLE I

Principles

CHAPTER I

Aims

Article 1: For the purposes of the scientific and technological development that this Law seeks to promote, the general aim shall be to facilitate scientific research and technological innovation, leading to greater economic and social progress within the framework of a strategy of comprehensive sustained development, in order to preserve the country's natural resources for future generations and guarantee that Costa Ricans enjoy a better quality of life and well-being and to enhance their knowledge of themselves and of society.

Article 2: The long-term goal of scientific and technological development shall be to create the necessary conditions for the implementation of a policy in this respect.

Article 3: The specific goals of scientific and technological development shall be the following:

- (a) to guide the definition of specific policies for the promotion and fostering of scientific and technological development in general;
- (b) to support scientific and technological activities carried out by any private or public entity, national or foreign, which contribute to scientific and technological exchange with other countries or which are linked to national development goals;

- (c) to provide stimuli and incentives for the private and public sectors and for university institutions of higher education and other educational centers, with a view to enhancing capacity to generate science and technology and encouraging links between such bodies;
- (d) to create the appropriate conditions to ensure that science and technology can play their key role as basic factors in the achievement of greater competitiveness and growth in the national productive sector;
- (e) to stimulate technological innovation as an essential element for building national capacity, adapting to changes in international trade and the global economy and raising the living standards of Costa Ricans;
- (f) to stimulate technological innovation at the national level with a view to converting Costa Rica's productive sector and enhancing the country's capacity in terms of competitiveness, in order to meet the basic needs of the population;
- (g) to encourage all activities that support substantive scientific and technological development; post-graduate studies and human resource development, the improvement of the teaching of the sciences, mathematics and technical education, as well as scientific and technological documentation and information;
- (h) to support any measures designed to encourage greater creativity and original scientific thinking on the part of Costa Ricans;
- (i) to promote regional development in the country by means of the use of appropriate technologies for the development of agricultural, agro-industrial, forest and aquacultural activity and related industry in rural areas;
- (j) to foster and support ethical, legal, economic, scientific and social research in general, aimed at improving understanding of the relationship between science, technology and society, as well as

the applicable legal framework in this field, with a view to revitalizing the role of science and technology in respect of culture and social well-being;

(k) to foster any activities which support the process of technological innovation: technology transfer, consultancy and engineering, standardization, metrology and quality control and other scientific and technological services.

CHAPTER II

Duties and responsibilities of the State

Article 4: In accordance with the aims of the present Law, the State has the following duties:

- (a) to ensure that science and technology serve Costa Ricans, guarantee their well-being and allow them to increase their knowledge of themselves, nature and society;
- (b) to formulate national science and technology programs, in consultation with the public and private entities and bodies that make up the National Science and Technology System, as an integral part of national development plans;
- (c) to provide the specific tools for encouraging and stimulating research, knowledge transfer and science and technology as fundamental prerequisites for development and as elements of universal culture;
- (d) to foster, guarantee and promote constitutional freedom of teaching and scientific and technological research;
- (e) to promote coordination between the private and public sectors and the research centers of State institutions of higher education, in order to inform, guide and promote policies on science and technology for the various sectors of society;

(f) to establish policies for scientific and technological development, oversee their implementation and evaluate their impact and results, within the framework of the national development strategy;

(g) to foster the creative capacity of Costa Ricans, through the support of relevant scientific, educational and cultural programs and activities and through the granting of awards and prizes to those who make a valuable contribution to national development in the field of science and technology;

(h) to encourage the drafting of suitable legal instruments for the promotion of scientific and technological development;

(i) to make specific budgetary provision for funds which State institutions and bodies shall earmark and administer for scientific and technological research and development activities;

(j) to foster the technology management capacity of public and private firms, universities and research and development centers, with a view to achieving the industrial conversion and modernization of the agricultural and forestry sector and increasing national productivity;

(k) to use the purchasing (goods and services) and bargaining power of public sector entities to encourage national corporate strengthening of the technological base, the appropriate use of consulting and engineering capacity and the delivery of national technical and professional services;

(l) to encourage the selective incorporation of modern technology in the public administration, with a view to streamlining and updating public services on a constant basis, in conjunction with administrative reform, in order to modernize the national State apparatus, with a view to boosting efficiency;

(m) to facilitate scientific and technological exchange between Costa Rica and the global community, so as to benefit from the most valuable experiences and achievements of other countries.

Article 5: All entities related to science and technology, as well as State public bodies, may cooperate with regard to compliance with this Law, in accordance with their nature and powers.

Article 6: In accordance with the current National Science and Technology Program, the State shall encourage studies, applications and the development and creation of companies in the areas of the new technologies that are necessary for the country's development.

TITLE II

Organizational mechanisms for scientific and technological development

CHAPTER I

The National Science and Technology System

Article 7: The National Science and Technology System is hereby established, within the framework of the sectorization of the State. The System shall consist of the body of institutions, entities and organs of the public sector, the private sector and research and higher education institutions, which carry out their main activities in the field of science and technology or which earmark part of their budget and human resources for scientific and technological activities.

Article 8: The non-profit scientific and technological activities carried out by the entities which form part of the National Science and Technology System are hereby declared to be of public interest.

Article 9: In accordance with the National Planning Law, the overall aim of the National Science and Technology System shall be to coordinate and implement all those provisions established by higher political bodies, as well as to integrate measures taken by individuals for the coordination of scientific development and for the application of scientific and technological knowledge for national social and economic well-being.

Article 10: The National Science and Technology System shall promote coordination of the interests of the bodies and entities from the above-mentioned sectors and their cooperation, with a view to ensuring national coordination in the field of science and technology for comprehensive national development. Guidelines and policies shall be established that shall be binding for the public sector and indicative for the private and higher education sector.

Article 11: The Minister of Science and Technology shall be in charge of the System and shall maintain the necessary communication ties with each of the *Ministros Rectores* (Ministers responsible for directing, coordinating and ensuring compliance with public strategies and policies in a given sector) in charge of the various sectors of the Public Administration, with a view to coordinating scientific and technological development activities with sectoral policies and their outcomes.

Article 12: Without prejudice to the autonomy granted under Article 84 of the Constitution, State universities shall form part of the National Science and Technology System, solely to participate in its deliberations, in order to ensure the necessary coordination through the appropriate legal mechanisms.

Article 13: In order for a private institution of higher education to belong to the National Science and Technology System and benefit from the advantages afforded by this Law, it shall have at least one research center that is certified as such, according to the regulations of this Law, in the opinion of the National Board for Scientific and Technological Research (CONICIT). In addition, it shall earmark part of its budget for research and development.

Article 14: Private institutions of higher education which form part of the System shall comply with the general guidelines and policies of public interest in respect of professional training in the fields of science and technology.

Article 15: The Ministry of Science and Technology shall be the body that defines mechanisms and levels of coordination, assessment and implementation, with a view to ensuring cooperation between the sectors involved in national scientific and technological activities, as well as to establishing its sphere of competence and its organizational structure.

CHAPTER II

National Science and Technology Program

Article 16: The National Science and Technology Program shall be the instrument for planning scientific and technological development that the Government of the Republic shall propose during its administration. It shall put forward a short-, medium- and long-term vision making it possible to lend continuity and scope to the efforts of the public, private and higher education sectors in this field.

Article 17: The Program shall form an integral part of the National Development Plan, and, based on its guidelines concerning social and economic development, shall contain the objectives, policies, strategies and action plans translated into specific projects for the period in question.

Article 18: The Program shall be compulsory for the public sector and optional for the private sector and for State university institutions of higher education, in respect of the institutional autonomy enshrined in the Constitution.

Article 19: During its preparation, the Program shall be subject to the various levels of coordination of the sectors which make up the National Science and Technology System, with a view to ensuring the harmonization of the interests and initiatives represented therein.

CHAPTER III

Ministry of Science and Technology

Article 20: The main duties of the Ministry of Science and Technology (MICIT) shall be as follows:

- (a) to define scientific and technological policy, by means of the use of the coordination mechanisms established by the National Science and Technology System, and to contribute to the mainstreaming of this policy into the country's overall economic and social policy, with regard to which it shall serve as a link and a direct partner with the higher policy-making bodies of the Government of the Republic;

- (b) to coordinate the work of the National Science and Technology System by means of the guidance exercised by the Minister of Science and Technology;
- (c) to prepare, implement and monitor the National Science and Technology Program, in accordance with the provisions of this Law and within the framework of the National Science and Technology System;
- (d) to grant, as the case may be, the incentives provided for in this Law by means of the signing of a contract for scientific and technological incentives, subject to the recommendation of the Incentives Commission;
- (e) to suggest, in consultation with the *Ministros Rectores* in charge of each sector, the percentage of the budget that the institutions referred to in Article 97 of this Law must earmark for science and technology, in accordance with the priorities of the National Science and Technology Program;
- (f) to promote the establishment and improvement of the legal and administrative instruments necessary for national scientific and technological development;
- (g) to support the Ministry of National Planning and Economic Policy (MIDEPLAN) in its work in the field of international technical cooperation, with the stimulus provided by the appropriate exploitation of such cooperation in scientific and technological activities;
- (h) to ensure compliance with this Law;
- (i) to fulfill any other function assigned to it by existing or future legislation.

Article 21: The powers of the Ministry of Science and Technology (MICIT) shall be exercised by its Minister, unless they have been delegated by the same, or by regulatory provision, provided that such powers are not reserved for the Executive, according to the Constitution and Articles 27 and 28 of the General Law of Public Administration.

CHAPTER VI

National Council for Scientific and Technological Research

Article 22: The National Council for Scientific and Technological Research, an autonomous institution with legal personality and its own assets, shall be regulated by Law No. 5048 of August 9, 1972.

Article 23: The aim of the National Council for Scientific and Technological Research (CONICIT) shall be to promote scientific and technological development for peaceful purposes and in order to contribute to national social and economic progress.

Article 24: The National Council shall support science and technology management, innovation and transfer as well as the generation of new knowledge, through the funding of research, the training of specialized human resources, consulting and scientific and technological information and other technical services.

For such purposes, with the agreement of the Executive Board and in accordance with the respective regulations, it may grant loans to promote technological development and scientific research and donate equipment and material to non-profit-making laboratories or research centers in the public or private sector. Likewise, it may transfer to the beneficiary, in whole or in part, the intellectual property right arising from a research or development project, where such a project has been funded using resources from the said institution in special cases, in accordance with the regulations and with the agreement of the Executive Board.

CHAPTER V

Scientific and Technological Register

Article 25: In order to guarantee cooperation with regard to decision-making between the entities and bodies which make up the National Science and Technology System and to contribute to efforts to

keep all those concerned informed with regard to science and technology, a Science and Technology Register shall be established in which the following shall be recorded:

- (a) technology-based companies;
- (b) research and development centers or units in the private and public sectors;
- (c) classifications of human resources specialized in science and technology that include persons engaged in research;
- (d) scientific and technological research projects;
- (e) units providing scientific and technological services;
- (f) information on technical cooperation agreements, treaties and projects in the fields of science and technology;
- (g) information on public expenditure on science and technology;
- (i) technology transfer contracts signed with foreign companies;
- (j) information and documentation centers for science and technology;
- (k) any other aspect indicated by the regulations.

The regulations of the Scientific and Technological Register shall define its functioning, its organizational structure and those cases where registration is compulsory in order to obtain the benefits provided for by this Law.

Article 26: The National Council for Scientific and Technological Research (CONICIT) shall be responsible for administering and organizing the said Register.

Article 27: The purposes of the Register shall be as follows:

- (a) to quantify the resources earmarked for science and technology, whether they be national or foreign, public or private, budgetary or extra-budgetary;

(b) to serve as a source of information for those interested in national scientific and technological activities, for the corresponding actions.

Article 28: The private sector and the institutions and bodies of the public administration shall compile and systematize the information they have to use in their normal activities in the Register.

Article 29: The signature of technology transfer contracts shall be compulsory for public companies and voluntary for private companies.

TITLE III

RESOURCES AND MECHANISMS TO STIMULATE SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT

CHAPTER I

Incentives Commission for Science and Technology

Article 30: Within the National Science and Technology System and in order to facilitate the enforcement of this Law, an Incentives Commission for Science and Technology shall be set up, attached to the Ministry of Science and Technology and hereinafter referred to as the “Incentives Commission”, as part of the institutional economic policy framework of the Executive and as a complement to sectoral policies in industry, exports, agriculture, livestock and fisheries.

Article 31: The purpose of this Commission shall be to classify and select natural persons or legal entities who/which are deserving of the incentives provided for by this Law, with the exception of the incentives granted under the regime for the promotion of researchers, as recommended to it by the National Council for Scientific and Technological Research (CONICIT).

Article 32: In order to achieve the above-mentioned goal, the State shall have access to the resources allocated to the Ministry of Science and Technology and to the cooperation that shall be afforded by the public institutions belonging to the National Science and Technology System, in accordance with their founding acts.

Article 33: In order to achieve its goals, the Commission shall be advised by the technical experts and specialists from the National Council for Scientific and Technological Research, as well as by the institutions of higher education, private centers and specialized public centers, depending on the benefit to be granted and the competences of each of them.

Article 34: The Incentives Commission shall be made up of representatives of the private, public and higher education sectors, as follows:

- (a) the Minister of Science and Technology or his representative, who shall chair the Commission;
- (b) two representatives of the Ministry of Finance, one from the General Directorate of Revenue and the other from the Budget Authority;
- (c) a representative of the Ministry of Agriculture and Livestock;
- (d) a representative of the Ministry of the Economy, Industry and Trade;
- (e) a representative of the National Council for Scientific and Technological Research (CONICIT);
- (f) three university representatives appointed by the National Council of University Rectors (CONARE);
- (g) a representative of the National Chamber of Agriculture and Agroindustry;
- (h) a representative of the Chamber of Industries of Costa Rica;
- (i) a representative selected by the Ministry of Science and Technology, from a short list submitted by the National Union of Chambers and Associations of Private Enterprise.

Article 35: The administrative procedures of this Commission and appeals against its actions shall be regulated by the provisions of the General Law of Public Administration in every matter that does not contravene this Law.

CHAPTER II

Incentive contracts for the promotion and development of science and technology

Article 36: Incentive contracts for the promotion and development of science and technology, hereinafter referred to as “the contracts”, are hereby established as tools for granting the benefits set out in this Law to productive goods and services companies in both the public and private sectors. Such contracts shall be signed in accordance with the provisions of Article 38 of this Law and its Regulations. They shall not cover the incentives on offer under the regime for the promotion of researchers, such incentives giving rise to the signing of contracts with the National Council for Scientific and Technological Research, in accordance with Article 44 of this Law and its Regulations.

Article 37: Incentive contracts shall indicate the incentives and stimuli that the State grants to natural persons or legal entities who/which are deserving of the benefits provided for under this Law. The contracts shall define the rights and obligations of both parties, in accordance with the provisions of this Law, its Regulations and the requirements of the Incentives Commission, laid down in Articles 30 et seq. of this Law.

Article 38: Incentive contracts shall be authorized by the Incentives Commission upon the submission of applications qualifying within the National Science and Technology Program. They shall be signed by the Minister of Science and Technology, representing the State, and by the beneficiary or his representative. The maximum duration of such contracts shall be five years, and they may be extended in cases which qualify, if the Law and its Regulations so allow.

CHAPTER III

Resources for funding incentives

for the development of science and technology

Article 39: The Incentives Fund for Scientific and Technological Development shall be established in order to grant funding for plans, programs and projects developed in light of the implementation of the present Law.

The National Council for Scientific and Technological Research (CONICIT) shall receive the revenues from the Incentives Fund and shall include them in its annual budget and manage them by means of a special account with a State bank, with separate accounts, which shall be submitted to the Comptroller General of the Republic for consideration and approval.

The Incentives Fund shall be financed from the following revenue sources:

- (a) the Executive shall include in the first ordinary or extraordinary budget which it sends to the Legislative Assembly following the adoption of this Law a share of not less than one hundred million Costa Rican colones (¢100,000,000), which shall be earmarked for achieving the goals of this Law. In the following ordinary budgets, this share may be increased by annual increments of fifty million Costa Rican colones (¢50,000,000), up to a maximum of two hundred and fifty million Costa Rican colones (¢250,000,000), which shall continue to be included in each ordinary budget;
- (b) donations, transfers, contributions and inputs by natural persons and legal entities, public or private, national or foreign.

Public sector institutions shall continue to be authorized to include contributions for this Fund in their budgets, in addition to the specific budget earmarked for science and technology, in accordance with Article 97 of this Law.

The amounts paid into the Fund shall benefit from the income tax exemptions established in Article 8(q) of Law No. 7092 of April 21, 1988.

The last paragraph of this indent was tacitly repealed by the Law No. 7293 of March 31, 1992
Regulating Exemptions in Force, Derogations and Exceptions

(c) the special contributions which, in accordance with the Regulations, shall be paid in by companies that benefit from the incentives established in this Law, once they have achieved adequate growth and are established;

(d) other forms of funding and taxes established for this purpose.

The National Council for Scientific and Technological Research (CONICIT) is hereby authorized to sign contracts, create trusteeships and set up any other mechanism, if the legal system in force so allows, with a view to increasing and administering the resources of this Fund, receiving donations and funding, and benefitting from national or foreign cooperation in fulfillment of the objectives of this Law.

CHAPTER IV

Use of resources to encourage science and technology

Article 40: The resources referred to in the preceding Article shall be intended for the following purposes, according to the provisions of this Law:

(a) incentives for researchers, human resource training and research and outreach projects shall be utilized as follows:

(1) salary incentives to improve the financial status of the persons conducting research;

(2) additional grants for studies involving science and technology and postgraduate programs, in institutions of higher education, in order to encourage the training of human resources in these fields;

- (3) support and funding for fairs, events and any activities for the dissemination and popularization of science and technology that are deemed to be in the national interest, including any such activities carried out by private entities, hereby declared to be of public interest;
 - (4) co-funding for the Scientific Colleges;
 - (5) funding of awards to encourage the dissemination of science and technology;
 - (6) funding for the creation, development and maintenance of infrastructure, teams, human resources and the implementation of projects by centers, as well as for research and outreach units and programs in fields of national interest;
 - (7) co-funding of projects involving research, technology transfer and information services which are carried out by State university institutions of higher education and non-profit-making private scientific and technological entities, in basic or applied science and technology management.
- (b) incentives for building companies' technological capacities, which are to be used as follows:
- (1) co-funding of technological innovation projects and projects involving the rational use of energy in goods and service companies.

Amended by Law No. 7447 of November 3, 1994 Regulating the Rational Use of Energy

- (2) co-funding of technology management for industrial restructuring and agricultural modernization;
- (3) co-funding of a venture capital fund to facilitate the creation of technology-based companies;
- (4) co-funding of national programs for new technologies and activities for the establishment and development of technology parks;

(5) co-funding of the technology transfer process for organized groups in rural areas by research centers of institutions of higher education;

(c) other incentives which may be granted based on the provisions of this Law.

Article 41: The Ministry of Science and Technology, as the body in charge of the National Science and Technology System, acting in consultation with the Incentives Commission and the Executive Board of CONICIT, shall define annually the percentage of resources created by this Law, to be allocated to each of the activities listed in the foregoing Article, taking into account the proposals of the National Science and Technology Program.

Article 42: The percentages fixed for each heading according to the preceding Article shall be budgeted by The National Council for Scientific and Technological Research (CONICIT), in accordance with the provisions regulating this field, and their disposal shall be subject to the oversight of the Comptroller General of the Republic and the Ministry of Finance, as appropriate.

TITLE IV

Incentives for research, human resource training
and scientific and technological development

CHAPTER I

Professional promotion and incentives for researchers

Article 43: A promotion scheme for researchers, also known as the “promotion scheme”, is hereby created, which consists of a merit and performance scale to encourage nationwide training and integration of a highly qualified team of researchers, dedicated to the conduct of activities and projects in the fields of science and technology.

Article 44: The National Council for Scientific and Technological Research (CONICIT) and the National Council of University Rectors (CONARE) shall jointly set the requirements for registration

and maintenance in the Promotion Scheme for Researchers in the respective Regulations, taking the following factors into consideration:

- (a) researchers shall be registered as such in the Scientific and Technological Register;
- (b) researchers shall carry out research projects for the entire period during which they receive benefits;
- (c) projects qualifying as being of national interest in accordance with the evaluation criteria of the respective regulations, in conformity with the National Science and Technology Program, or for their scientific value;
- (d) researchers shall sign contracts with the National Council for Scientific and Technological Research (CONICIT) and shall comply with the obligations stipulated therein. Contracts shall run for two years, but may be extended at the discretion of CONICIT depending on the quality of the results obtained by researchers.

Article 45: The National Council shall classify, monitor and evaluate the activities of the researchers who participate in this promotion scheme.

Article 46: The promotion scheme for researchers shall offer the following benefits:

- (a) financial compensation in addition to the salary received as a researcher in a scientific and technological research and development entity/body, in accordance with the scale established by the Regulations for said scheme.
- (b) **repealed by Article 22(i) of Law No. 8114 of July 4, 2001 on Tax Simplification and Efficiency**
- (c) *One-time exemption from all taxes, duties or surcharges for the import of a vehicle with a cylinder capacity of up to 1,600 c.c., which has been used for at least one year, and the household belongings of a researcher who has spent two consecutive years or more outside the Republic, engaged in research work or studies through which he has obtained the academic rank of a*

master's, doctorate or the equivalent thereof, according to the assessment of the National Council of University Rectors (CONARE). The General Directorate of Revenue shall authorize the release of vehicles imported under this regulation, once five years have passed, beginning from the date of acceptance of the corresponding import permit. In the case of transfer to a third party that is subsequent to or simultaneous with the date of release, the purchaser shall pay only twenty-five per cent (25%) of the tax established under Article 10 of Law No. 7088 of November 30, 1978.

Tacitly repealed by Law No. 7293 of March 31, 1992 on the Regulation of Exemptions in Force, Derogations and Exceptions

Article 47: Incentives for researchers forming part of the promotion scheme for researchers, pursuant to the preceding Article, in the case of subparagraph (a), shall be granted by the National Council for Scientific and Technological Research (CONICIT). The Ministry of Science and Technology (MICIT) shall recommend that the Ministry of Finance arrange for the deductions and exemptions indicated in subparagraphs (b) and (c).

Article 48: With a view to optimizing nationwide use of specialized human resources and linking the research sector to the productive sector, researchers who have received grants to study for a master's, doctorate or equivalent according to Article 46(c) shall exceptionally be authorized by the State university of higher education that has awarded the grant, upon their return, to meet their work commitment by working part-time for a national company, under an incentive contract, in accordance with this Law.

For the above-mentioned purposes, there shall be an agreement between the institution, the company and the researcher, and the job, project or research to be carried out in the company shall be related to the specialized area of study of the researcher and shall be of interest for national development.

Article 49: *The benefits indicated in Article 46(c) shall be extended to national or foreign scientists or technical experts with proven expertise abroad in the field of science or technology,*

whose entry into the country is deemed appropriate in the view of the National Council for Scientific and Technological Research (CONICIT), according to the provisions of the Regulations, provided that, when they enter the country, they carry out research or undertake to provide their services to an institution of higher education and sign a contract, in accordance with the provisions of the Regulations.

Tacitly repealed by Law No. 7293 of March 31, 1992 Regulating Exemptions in Force, Derogations and Exceptions

Article 50: The exemptions referred to in Article 46(c) shall be forfeited if there is a change in the use of the exempted object, in which case the respective taxes shall have to be paid, without prejudice to the implementation of the penalties provided for in the Tax Code for cases of tax evasion. The National Council for Scientific and Technological Research (CONICIT) shall work together with the Ministry of Finance to ensure the correct use of exemptions.

Tacitly repealed by Law No. 7293 of March 31, 1992 Regulating Exemptions in Force, Derogations and Exceptions

CHAPTER II

Scientific and technological training

Article 51: The National Council for Scientific and Technological Research (CONICIT) shall fund an annual program of postgraduate grants concerning institutions recognized at the national level and abroad for their excellence in fields of interest in terms of national scientific and technological development and according to the priorities or guidance of the National Science and Technology Program. Such funding shall come from both international cooperation and new resources stipulated in this Law or other available resources.

Article 52: The National Council for Scientific and Technological Research (CONICIT), acting in coordination with the National Council of University Rectors (CONARE) and in line with the principle of university autonomy, shall establish programs for the allocation of grants and other incentives aimed at increasing the percentage of students studying science and technology in State university institutions of higher education. Such programs shall be updated annually.

Article 53: The Ministry of Science and Technology (MICIT) and the National Council for Scientific and Technological Research (CONICIT), acting in coordination with the National Council of Rectors (CONARE), shall propose to the Ministry of Public Education programs and projects aimed at improving the teaching of the sciences and technical education, as well as annual programs for strengthening events in areas of interest in terms of national science and technology, which could benefit from CONICIT funding.

Article 54: The National Science and Technology Center shall be established with a view to disseminating advances in science and technology and ensuring the participation of Costa Ricans in such advances, as well as encouraging children, young people and adults to consider a career in research.

The Ministry of Science and Technology, the National Council for Scientific and Technological Research (CONICIT) and State university institutions of higher education, as well as any other public

body, shall continue to be authorized to make transfers and donations and to provide the trained human resources required by the entity responsible for administering and managing the Center.

Article 55: With a view to stimulating creativity, a research-oriented mindset, scientific thinking and science and technology skills in students, the National Science and Technology Fair shall be organized annually by the third and fourth secondary school cycles. The Ministry of Science and Technology (MICIT), the National Council for Scientific and Technological Research (CONICIT) and the Ministry of Public Education shall be responsible for organizing this event, in cooperation with the State university institutions of higher education.

CHAPTER III

Creation of Scientific Colleges

Article 56: The Ministry of Public Education shall be authorized to sign agreements with State university institutions of higher education and other academic or scientific research entities recognized for their excellence, for the establishment of the Scientific Colleges of Costa Rica, which shall contribute to the achievement of the goals of diversified education, with an emphasis on scientific education.

Article 57: The goal of the Scientific Colleges shall be to provide their students with a comprehensive education, imparting the highest Costa Rican values within the framework of an educational process which emphasizes the acquisition of solid knowledge and skills in terms of the basics of mathematics, physics, chemistry, biology and information technology (IT).

The Colleges shall be promoted as an effective option for improving the teaching of the sciences, without detriment to other alternatives that may be developed.

Article 58: The Higher Education Council shall be responsible for approving study plans, their respective programs and the regulations relating to evaluation and promotion, without prejudice to the

specific provisions which, within the legal framework, may be adopted by each College in accordance with this Law and the respective Regulations.

Article 59: In order to achieve the goals set for the Scientific Colleges, general guidelines shall be established by the National Council of Scientific Colleges, which shall form part of the Ministry of Public Education and shall be responsible for the following:

- (a) promoting coordination and links between the Colleges;
- (b) encouraging the analysis of study plans and programs, with a view to achieving the highest possible level of academic achievement;
- (c) proposing appropriate changes to the plans and programs of the Scientific Colleges to the Higher Education Council;
- (d) issuing rulings on agreements on the establishment of Scientific Colleges prior to their signing;
- (e) establishing selection and admission criteria and requirements for the students of the Scientific Colleges;
- (f) appointing and removing the Executive Director of the National Council of Scientific Colleges;
- (g) ratifying the appointment of the institutional Executive Board proposed by the Academic Board of each college;
- (h) drafting and submitting to the Ministry of Public Education the regulations and provisions regulating the functioning of the Scientific Colleges and the National Council of Scientific Colleges.

Article 60: The National Council of Scientific Colleges shall consist of:

- (a) the Minister of Public Education, who shall chair the Council;

- (b) two representatives of the Ministry of Science and Technology;
- (c) a representative of the National Council for Scientific and Technological Research (CONICIT);
- (d) four university representatives appointed by the National Council of Rectors (CONARE);
- (e) a representative of the National Chamber of Agriculture and Agroindustry;
- (f) a representative of the Chamber of Industries of Costa Rica;
- (g) a representative chosen by the Ministry of Education from a short list submitted by the Union of Chambers and Associations of Private Enterprise.

Article 61: In terms of organizational structure, the Scientific Colleges shall have, as a minimum, an Academic Council, an Administrative Board and an Institutional Executive, the specific functions of which shall be defined by means of regulations. The Colleges shall be responsible for selecting and appointing the teaching and administrative staff, who shall not be part of the civil service system.

During the first four years of operation, the Colleges shall be partly funded from the resources established in Article 39 of this Law. During this period and thereafter, the State shall provide funding in the form of resources from the national budget.

The Scientific Colleges shall have their own legal personality and shall be regulated by the provisions of this Chapter, by the Regulations issued for this purpose by the Ministry of Public Education, and by the respective agreements under which they are established.

CHAPTER IV

Incentives for the dissemination of science and technology

Article 62: Every two years, the National Council for Scientific and Technological Research (CONICIT) shall award a prize to the publishing or related firm that has best met the goal of dissemination of works of scientific and technological interest. The amount of the prize shall be established in the Regulations. CONICIT may decide not to award this prize.

Article 63: The National Council for Scientific and Technological Research (CONICIT) may, on an annual basis, give special recognition to the promoters and organizers of the best activity or initiative in terms of the dissemination of science and technology, according to the provisions of the Regulations.

Article 64: The awards established by this Law shall be granted without prejudice to other existing national prizes for science and technology or those which may be created at a later date.

CHAPTER V

Incentives to strengthen research and outreach units and centers

Article 65: The National Council for Scientific and Technological Research (CONICIT) shall provide financial support for research and outreach programs and projects, the improvement of infrastructure and equipment, and the strengthening of postgraduate programs, as well as other activities referred to in Article 40, which are carried out by units and centers recognized at the national level for their excellence, in accordance with the National Science and Technology Program.

For such purposes, CONICIT may use the resources created by this Law in accordance with Articles 43 and 44, those earmarked in its own budgets and funds arising from international cooperation.

CHAPTER VI

Organization of the scientific community

Article 66: With the resources created by this Law and others at the disposal of The National Council for Scientific and Technological Research (CONICIT) and the Ministry of Science and Technology (MICIT), both institutions shall promote the establishment and contribute to the development of at least two bodies for the organization of the national scientific community, a National Academy of Sciences and an Association for the Advancement of the Sciences.

The functioning and administration of both entities shall be independent of CONICIT and MICIT, and they shall be represented in the National Science and Technology System.

TITLE V

Incentives for technological research and development in companies

CHAPTER I

Incentives for technological research and development

by companies and private scientific entities

Article 67: *The State shall exempt from all taxes and surcharges, subject to the study and approval of the Incentives Commission, the equipment or material defined in the Regulations for this Law, so that they may be exported (sic)* and used exclusively in the development of scientific and technological research activities and projects at their various stages.*

Once five years have passed, beginning from the date of acceptance of the import permit, the General Directorate for Revenue shall authorize the release of the imported goods.

**Should be understood as “imported”.*

Tacitly repealed by Law No. 7293 of March 31, 1992 Regulating Exemptions in Force, Derogations and Exceptions

Article 68: *Goods purchased on the local market shall be exempt from all taxes where they are intended for scientific and technological research or development projects which foster national production, subject to classification and study by the Incentives Commission. For the purposes of the release of the goods acquired under the protection of this Article, a period of five years must have passed, beginning from the date of issue of the corresponding invoice.*

Tacitly repealed by Law No. 7293 of March 31, 1992 Regulating Exemptions in Force, Derogations and Exceptions

Article 69: *The Regulations shall define the selection criteria for the granting of the incentives provided for in Articles 67 and 68, preferably to:*

- (a) *companies which supply the State with goods and services that have a high technology content;*
- (b) *companies in which the results of technological innovation projects have boosted exports;*
- (c) *companies whose technological innovation projects are linked to the research centers of State institutions of higher education;*
- (d) *private scientific and technological entities or associations.*

Tacitly repealed by Law No. 7293 of March 31, 1992 Regulating Exemptions in Force, Derogations and Exceptions

Article 70: *Exemptions shall be authorized by the Ministry of Finance, subject to the recommendation of the Incentives Commission, the signature of the respective incentives contract and according to the corresponding Regulations.*

Tacitly repealed by Law No. 7293 of March 31, 1992 Regulating Exemptions in Force, Derogations and Exceptions

Article 71: The Ministry of Finance shall be obliged to ensure preferential, rapid and efficient handling of the customs formalities required for goods of scientific and technological interest to enter and leave the country. To this end, it shall allocate and train staff specifically for the handling of such formalities. It shall also set aside appropriate physical premises in the customs offices to this end.

The system of temporary admission shall apply to the entry of those goods of scientific interest specified under the Regulations.

Article 72: With regard to the application of the respective laws and contractual and regulatory clauses, strict controls shall be specified guaranteeing that each incentive is used solely for the development of scientific and technological research activities and projects, without prejudice to any supervisory, oversight or tax powers granted to the Comptroller General of the Republic or the tax authorities.

Article 73: The Ministry of Science and Technology (MICIT) shall periodically award prizes to companies which have achieved noteworthy technological adaptation, assimilation or innovation in terms of scope or economic and social benefit for the country. The fields eligible for such prizes shall be industry, agriculture, livestock, fisheries and other areas defined by the National Incentives Commission.

CHAPTER II

Financing of technological innovation

Article 74: The Ministry of Science and Technology, in consultation with the Incentives Commission, shall offer annually, in accordance with the rules and provisions of the Central Bank, a loan scheme which shall be implemented by the State commercial banks that belong to the national banking system, to finance technological development and rational energy use in new and established companies in any part of the country.

Amended via Article 43 of Law No. 7447 of November 3, 1994 Regulating the Rational Use of Energy

Article 41 shall serve as a basis for setting the annual amount that the National Council for Scientific and Technological Research (CONICIT) shall provide to supplement the resources which the banks earmark to this end and which make it possible to maintain appropriate interest rates for the purposes covered by this Law.

Article 75: The National Council for Scientific and Technological Research (CONICIT) shall contribute to the technical evaluation of projects for the respective processing of bank loans, without prejudice to any studies or financial evaluations carried out by the bank aimed at ensuring the feasibility and quality of the technological innovation proposed.

CHAPTER III

Financing of technology management for industrial restructuring

Article 76: The State shall promote national technology management in order to support the process of national industrial restructuring, with a view to fostering development and technology transfer in terms of processes involving manufactured goods, products, equipment, raw materials and other activities of value to companies from the national industrial sector, which have an impact on their competitiveness, on growth and on the survival of national and international markets.

Article 77: For the purposes of the preceding Article, annual financial and technological support shall be provided, under the coordination of the Ministry of Science and Technology (MICIT) and within the framework of the National Science and Technology System, to public and private companies and to educational institutions which develop technology management programs.

CHAPTER IV

State acquisition of goods and services in order to encourage national companies

Article 78: The State, its companies and public entities shall use their ability to procure goods and services, as far as the subject matter of the procurement allows in each case, to foster and encourage the establishment and promotion of national technology-based companies, as well as technological innovation in existing companies, in addition to national consulting and engineering, in accordance with the National Science and Technology Program.

Article 79: In accordance with Article 78, preference shall be given, on conditions of equality, to procurement from national suppliers. For such purposes, due consideration shall be given, in addition to price and quality parameters, to nationwide bids and the social and economic impact on, or benefit for, Costa Rican society produced by the bidder, in accordance with adequate social and economic indicators, barring any provisions to the contrary, in international conventions or loan agreements approved by the Legislative Assembly.

CHAPTER V

Incentives for technology-based companies

Article 80: For the purposes of this Law, technology-based companies shall be defined as companies which have made technological innovation a priority in terms of maintaining and improving their competitiveness in the markets in which they operate, on the condition that the requirements contained in the Regulations are met.

Article 81: **Repealed by Article 22(i) of Law No. 8114 of July 4, 2001 on Tax Simplification and Efficiency.**

Article 82: *In accordance with Article 81 of this Law, technology-based companies shall enjoy the exemptions referred to in Articles 67 and 68 for the first three years of operation, once they have been registered.*

Tacitly repealed by Law No. 7293 of March 31, 1992 Regulating Exemptions in Force, Derogations and Exceptions.

Article 83: Technology-based companies which are established in technology parks shall enjoy the incentives provided for by this Law for a period of five years.

Article 84: National companies which do not meet all of the requirements set out in the Regulations for technology-based companies but which submit a program of sustained investment, technological research and development and other related activities, may benefit from some or all of the incentives granted to technology-based companies, following a stringent examination by the Incentives Commission.

Article 85: Foreign companies which establish technological research and development centers in the country, in coordination with national research centers, and which employ a sufficient number of Costa Rican staff as stipulated by the Regulations, shall be entitled to some or all of the incentives granted to technology-based companies, following a stringent examination by the Incentives Commission.

Article 86: Foreign companies which invest in the country and which transfer technology to other Costa Rican individuals or companies shall be entitled to the foregoing benefits, following study and certification by the Incentives Commission establishing that they meet the requirements of this Law and its Regulations, and the signature of an incentives contract stipulating the respective technology transfer agreement.

Article 87: Tax credits shall be granted to third party natural persons or legal entities acquiring shares in technology-based companies that allow shareholder participation by third parties. Such credits shall be equal to up to 25 per cent of the value of the registered shares acquired.

Technology-based companies that allow shareholder participation shall be entitled to a tax credit of 25 per cent of the value of the shares sold.

In both cases, the shares in question must have been acquired on the National Stock Market and must be from new share issues.

CHAPTER VI

Incentives for the establishment of technology parks and support for new technologies

Article 88: The State, through the Ministry of Science and Technology (MICIT), shall promote the creation of technology parks, in cooperation with private enterprise and State institutions for higher education. Its institutions and bodies shall be authorized to provide any type of resources, with a view to establishing and developing this type of technology-driven industrial cluster to support the creation of new technology-based companies.

Article 89: In accordance with Articles 6, 80 and 88 of this Law, incentives shall be provided for the establishment of technology parks which host technology-based companies, with a view to boosting growth in the national corporate sector with a high technology content and ensuring that, through effective links with science and technology infrastructure in universities, this sector becomes a modernizing force in the country.

Article 90: The establishment of technology parks shall be consistent with the objectives of the National Science and Technology Program, so as to maximize benefit from new knowledge and the availability of trained human resources in order to take up the challenges of future development.

Article 91: The Ministry of Science and Technology (MICIT), acting on the recommendation of the Incentives Commission, shall establish, on an annual basis, the amounts of financial support to be provided to companies which promote technology parks within the framework of the Free Zones Act, with special support provided for those companies which implement liaison programs between universities and goods and service companies set up in the technology parks.

Article 92: Every year, the Ministry of Science and Technology (MICIT) shall establish programs for the support of new technologies, in which ties are established between the private sector and university research centers that facilitate the mainstreaming of such technologies into national production.

TITLE VI

Incentives to facilitate the use of public sector resources
in science and technology

CHAPTER I

Incentives for the provision of services in the public sector

Article 93: For all legal purposes, research and the provisions of science and technology services shall be established with the character of “ordinary activity”, and shall be the responsibility of public bodies, including State university institutions for higher education. These entities may, in turn, sell technical and technology transfer services to third parties. For both purposes, institutions may employ the procedures for direct procurement established by the Law on the Financial Administration of the Republic.

Article 94: State university institutions of higher education shall be entitled and authorized to sell goods and services linked to research projects, technology development, consulting and special courses. In order to improve and facilitate the sale of goods and services, the said institutions shall be entitled and authorized to set up foundations and auxiliary companies.

Article 95: A procedure shall be established to ensure that the funds collected via the sale of services are channeled rapidly and effectively to the research entities which generate them, with a view to ensuring the timely availability of those funds and the continuity of scientific and technological activities.

In the case of the sale of services in university centers, funds shall be invested at the discretion of the university authorities, without detriment to their characteristic autonomy.

CHAPTER II

Incentives for the innovation, development and transfer of technology in urban and rural communities

Article 96: Research centers, public and private institutions and organized groups in urban and rural communities which develop programs for the innovation, development and transfer of technology, with appropriate projects for the development of the different regions of the country, shall receive financial support by means of the resources indicated in this Law under Articles 39 et seq., or from any other source to which the Ministry of Science and Technology (MICIT) or the National Council for Scientific and Technological Research (CONICIT) has access for this purpose. This process shall be facilitated, subject to selection and approval in accordance with the procedures provided for in these Regulations.

CHAPTER III

Rationalization of resources for science and technology in the public administration

Article 97: All of the institutions, entities and bodies of the public administration which develop or implement science and technology activities as part of their institutional competencies, under the policy guidelines defined by the National Science and Technology Program, shall be entitled to earmark a percentage of their annual ordinary budget for the promotion, inventiveness, protection and development of science and technology research projects, and other activities in these fields, which foster technological change and national development from within their sphere of activity.

Article 98: The guidelines on the setting, increase and allocation of the budgetary percentage intended for the foregoing purposes shall be issued by the Executive, through the Ministry of Finance

and the Ministry of Science and Technology, in consultation with each one of the institutions, entities and bodies of the public administration which develop or implement science and technology activities, taking into consideration the nature of the public institution or body, budget priorities, the amount of the annual ordinary budget, their links with the field of science and technology and the public interest in developing the research programs and activities proposed by the institution.

Article 99: The public bodies and institutions referred to in the two preceding Articles shall be obliged to inform the Ministry of Science and Technology of their respective specific budgets which include scientific and technological activities, indicating the nature and objectives of the programs in which these resources are to be used.

Article 100: The Costa Rican State shall promote the modernization and use of the technological resources employed by the national public sector, and shall ensure an increase in the efficiency of the entities that go to make up this sector, by means of greater rationalization of technology-related decisions on the transfer, adaptation, assimilation and generation of technology.

TITLE VII

PENALTIES

SOLE CHAPTER

Penalties

Article 101: Persons who misuse the incentives established by this Law shall be punished by the loss of the benefit granted. Where the incentive involves a tax exemption or deduction, the amount of the taxes due in the absence of the exemption/deduction shall be paid.

Article 102: Where fraud, trickery or any other stratagem has been used to mislead in order to benefit from the incentive, the person who benefits in an irregular fashion, shall be liable to a fine equivalent to double the amount of the incentive received, in addition to the penalties provided for in Article 101.

Article 103: The foregoing administrative penalties shall be implemented by the respective public authorities, as the case may be, in accordance with the prevailing legal order and without prejudice to any possible claims regarding criminal or civil liability.

TITLE VIII

General provisions

SOLE CHAPTER

General provisions

Article 104: A new subparagraph (o) is hereby added to Article 23 of Law No. 6227 of May 2, 1978, the General Law on Public Administration, to read as follows:

“Article 23.-

(1) The ministerial portfolios shall be:

(a) ...

(o) Science and Technology”

Article 105: This Law shall constitute a matter of public policy and shall repeal any other general or special provisions which conflict therewith or prove incompatible with its application.

Article 106: In force from the time of its publication.

Sole transitional article: The Executive shall issue Regulations for this Law within a period of six months following its publication. However, the lack of such Regulations shall not affect its application. Likewise, the specific Regulations referred to in this Law shall be issued within the same period. These Regulations shall be drafted in consultation with the sectors involved.

To be communicated to the Executive

Legislative Assembly. San José, June 13, 1999.