

(H. B. 1911)

(No. 79-2019)

(Approved July 28, 2019)

AN ACT

To amend Section 1031.02 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” in order to exempt from income taxes the salaries paid retroactively to the members of the Police Bureau of the Department of Public Safety on account of the increases to the basic rates of the salary schedules and the pay raises granted under Act No. 227-2004, as amended, and any other income earned thereby for past promotions in accordance with the salary schedules and which are still unpaid; make technical corrections to the Code; and for other related purposes.

STATEMENT OF MOTIVES

Through Act No. 227-2004, as amended, the basic rate of the salary schedules for Police Officers or Agents was increased to two thousand one hundred dollars (\$2,100), and the salary of the members of the Puerto Rico Police Ranking System, starting from the rank of Police Officer or Agent, was increased by two hundred and twenty-five dollars (\$225) per month, beginning October 1, 2004. Moreover, the Act increased to two thousand two hundred dollars (\$2,200) the basic rate of the salary schedules for Police Officers or Agents and provided for a one hundred dollar (\$100) monthly increase to the members of the Puerto Rico Police Ranking System, starting from the rank of Police Officer or Agent, beginning October 1, 2005.

Said Act was based on the premise that the duties of the members of the Puerto Rico Police include the great responsibility of protecting people and property, maintaining the public order, and preventing and persecuting crime. These responsibilities are strictly fulfilled by an excellent team of officers who every day courageously and with a great sense of duty assume the risks and difficulties inherent to their profession.

However, despite the commitment of the State to recognize the work of these selfless public servants, the pay raise legislated was never honored, which indubitably has injured the spirit of these worthy citizens and their trust in the government administration.

Certainly, it has become essential to establish a mechanism to incentivize the work of these men and women who risk their lives in order for Puerto Rico to be a safer place and provide the people with and allow them to enjoy the essential services to which they are entitled and for which they pay a high cost. For such purposes, this Act introduces an amendment to the “Puerto Rico Internal Revenue Code of 2011” in order to exempt from income taxes the salaries paid retroactively to the members of the Police Bureau of the Department of Public Safety on account of the increases to the basic rates of the salary schedules and the pay raises granted under Act No. 227-2004, as amended, and any other income earned thereby for past promotions according to the salary schedules and which are still unpaid.

We should note that, as part of the agreements reached through the certified fiscal plans, it was recognized that these law enforcement officers are owed almost four hundred million dollars on account of the aforementioned raises. For such purposes, and upon the most recent revision of the Financial Oversight Board to the Fiscal Plan of the Government of Puerto Rico in order to include accurate

and reliable information about all key factors that have an impact on the five-year plan's surplus or deficit, \$122 million were allocated to begin paying police officers the \$366 million owed to them for over 10 years.¹

It is our intent that this legislation constitutes a recognition of the work performed by these distinguished public servants, and in turn, we believe that it does not entail an adverse impact on the treasury if we take into account the socioeconomic benefits that restoring safety shall have on the Island at such difficult times after the onslaught of natural disasters, the rise in criminal activity, or dangerous incidents.

The members of the Police Bureau of the Department of Public Safety are always ready to fulfill their duty leaving their families and homes. This new Government is strongly committed to improve the work conditions and the quality of life of these hard-working members of the public service.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Section 1031.02(a)(34) of Act No. 1-2011, as amended, is hereby amended to read as follows:

“Section 1031.02.- Exemption from Gross Income.

(a) The following income items shall be exempt from taxation under this Subtitle:

(1) ...

(34) The income earned on account of overtime worked by a member of the Puerto Rico Police Bureau, as such public servant is defined in Section 1.02 of Act No. 20-2017, as amended, known as the ‘Puerto Rico Department of Public Safety Act.’ Likewise, beginning January 1, 2019, the salaries paid retroactively to the members of said Bureau on account of the

¹ <https://www.elnuevodia.com/opinion/columnas/implantandoelnuevoplanfiscal-columna-2456336/>

increases to the basic rates of the salary schedules and the pay raises granted under Act No. 227-2004, as amended, and any other income earned thereby for past promotions according to the salary schedules and which are still unpaid shall be exempt from any taxation. For salaries paid in 2018 on account of the aforementioned items, which were not included in the Withholding Statements of said year, a credit equivalent to one hundred percent (100%) of said income shall be granted in 2019. These exclusions shall not apply to civil employees of said Bureau.

...”

Section 2.- The Secretary of the Department of the Treasury shall prescribe by regulation, administrative determination, circular letter, or general information bulletin, the form and manner in which the exemptions provided herein shall be applied.

Section 3.- Any law or part thereof that is incompatible with this Act is hereby repealed.

Section 4.- The provisions of this Act shall prevail over any other provision of law that is inconsistent with the provisions of this Act.

Section 5.- If any part of this Act is held null or unconstitutional by a court of competent jurisdiction, such holding shall not affect or invalidate the remainder of this Act and the effect thereof shall be limited to the aspect subject to such holding.

Section 6.- This Act shall take effect immediately after its approval.