

(H. B. 2421)

(No. 80-2015)

(Approved June 4, 2015)

AN ACT

To authorize the Tourism Company, the Industrial Development Company, the Department of Economic Development and Commerce, the State Insurance Fund Corporation, and the Economic Development Bank to grant a loan and/or contribution to the General Fund of the Commonwealth of Puerto Rico in the aggregate of one hundred twenty-five million dollars (\$125,000,000), as agreed upon with the Director of the Office of Management and Budget; authorize the Secretary of the Treasury to take out the loans provided herein; establish a repayment schedule if the transaction is a loan in accordance with the terms and conditions agreed upon between the government entities that provide the loans, the Office of Management and Budget, and the Secretary of the Treasury; provided, however, that if the transaction agreed upon is a contribution to the General Fund, the same shall not constitute a debt; provide for the payment of the loans through legislative appropriations that are consistent with the resources available; authorize the government entities indicated in Section 1, the Department of the Treasury, and the Office of Management and Budget to take all the measures necessary to enforce the provisions of this Act, including the issuance of any document, if necessary; provide the repayment source for any loan made during fiscal year 2014-2015, pursuant to Section 11 of Act No. 164-2001, as amended; and provide for the reestablishment of the loan margin; and for other purposes.

STATEMENT OF MOTIVES

The budget approved for fiscal year 2014-2015 was constituted for the sum of \$9,565 million, of which \$743 million are set aside for the payment of the public debt. Said budget was based on the collection estimate provided by the Department of the Treasury as part of the budget process, in which the revenues to be generated by the national tax implemented by Act No. 40-2013 were included. The collections efforts of the Department of the Treasury have been affected, thus the Office of

Management and Budget has been proactively monitoring the expenses of government entities and establishing budget reserves as a control measure, ensuring continuity of services to the citizenry and without affecting the government payroll, pursuant to the established public policy that does not promote the dismissal of public employees. For such purposes, the OMB has established budget reserves that amount to \$125 million, with which the insufficiency in the collections totaling \$121.7 million up to February 2015 have been managed, as reported by the Department of the Treasury.

The foregoing measure aims to provide an alternate source to support the budget appropriations of fiscal year 2014-2015, which would enable compliance with our responsibilities towards our citizenry and public employees. This measure is of a transitory and temporary nature until a permanent source for fiscal and tax sustainability is approved that allows the generation of revenues, while at the same time achieving the sought after crucial, vigorous, and potent boost to the economy in order to return to the path of continuous and sustainable growth.

Likewise, the measure provides for the payment of any loan taken pursuant to Section 11 of Act No. 164-2001, as amended, as well as for the reestablishment of a loan margin once the payment is made. The repayment source thereof is also provided, which shall derive from the revenues collected by the Department of the Treasury on or before December 31, 2015.

This Administration deems that this legislative proposal is a prudent and responsible alternative for the management of public resources that specifically addresses the fiscal situation we are going through.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.— With the purpose of addressing the cash flow problem in order to continue providing services to our citizenry and keep the Government operating, the Tourism Company, the Industrial Development Company, the Department of

Economic Development and Commerce, the Economic Development Bank, the State Insurance Fund Corporation, and the Automobile Accidents Compensation Administration are hereby authorized to grant an aggregate loan and/or contribution to the General Fund of the Commonwealth of Puerto Rico for the sum of one hundred twenty-five million dollars (\$125,000,000). The distribution among the different entities with respect to the amount corresponding to each one, whether as a loan or as a contribution of funds, shall be determined by them, in conjunction with the Office of Management and Budget. The disbursements to the General Fund of the Government of the Commonwealth of Puerto Rico from the aggregate funds of said loans and/or contributions shall be carried out on or before June 20, 2015.

Section 2.— Pursuant to the provisions of Section 1, in the event it is determined that the transaction to be carried out by any of said government entities were to be a loan, the Secretary of the Treasury is hereby empowered to incur in the obligations herein authorized, under those terms and conditions agreed upon by the government entities that grant the loan, the Director of the Office of Management and Budget and the Secretary of the Treasury. The amount necessary for the repayment of said debts shall be earmarked in the operating budgets of the Government of the Commonwealth of Puerto Rico, which shall be consistent with the resources available for each fiscal year. This Section shall not apply in those cases that the transaction agreed upon is a contribution, in which case no debt whatsoever shall be generated with the entity that makes the contribution to the General Fund.

Section 3.— The government entities indicated in Section 1 of this Act, the Department of the Treasury, and the Office of Management and Budget shall take all the necessary steps to enforce the provisions of this Act, including the issuance of any document, if necessary, to implement the provisions herein provided.

Section 4.— The Secretary of the Treasury is hereby authorized to repay any short term loan made with the Government Development Bank for Puerto Rico during fiscal year 2014-2015 pursuant to the authorization included in Section 11 of Act No. 164-2001, as amended, from any future revenues that are received on or before December 31, 2015. Provided, however, that if said short term loan has not been repaid on or before December 31, 2015, the budget appropriations needed to satisfy said obligation, in addition to accrued interests, as the same are determined by agreement between the Office of Management and Budget and the Government Development Bank for Puerto Rico, shall be earmarked in the General Expenses Budget as of Fiscal Year 2016-2017 until Fiscal Year 2025-2026. Once the payment has been made or the appropriation corresponding to Fiscal Year 2016-2017 has been earmarked, as the case may be, the loan margin lacking an approved repayment source that the Bank and its subsidiaries may collectively have in their portfolio from time to time, shall be immediately reestablished in accordance with the provisions of Act No. 164, *supra*,

Section 5.— However, none of the foregoing shall empower any government entity to authorize, directly or indirectly, video lottery devices and/or gaming devices outside of game rooms sanctioned by Act No. 221 of May 15, 1948, as amended, for the payment of the loan or to return the resources transferred to the General Fund by virtue of this or other legislations.

Section 6.— If any clause, paragraph, sub-paragraph, article, provision, section, subsection, or part of this Act were held to be unconstitutional by a competent court, the holding to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, sub-paragraph, article, provision, section, subsection, or part thereof thus held to be unconstitutional.

Section 7.– Effectiveness

This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 80-2015 (H. B. 2421)** of the **5th Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to authorize the Tourism Company, the Industrial Development Company, the Department of Economic Development and Commerce, the State Insurance Fund Corporation, and the Economic Development Bank to grant a loan and/or contribution to the General Fund of the Commonwealth of Puerto Rico in the aggregate of one hundred twenty-five million dollars (\$125,000,000), as agreed upon with the Director of the Office of Management and Budget; authorize the Secretary of the Treasury to take out the loans provided herein; establish a repayment schedule if the transaction is a loan in accordance with the terms and conditions agreed upon between the government entities that provide the loans, the Office of Management and Budget, and the Secretary of the Treasury, provided, however, that if the transaction agreed upon is a contribution to the General Fund, the same shall not constitute a debt; [...]

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on this 4th day of September, 2018.

Orlando Pagán-Ramírez
Director