AN ACT

To amend the first paragraph of Section 25 of Act No. 44 of June 21, 1988, as amended, known as the "Puerto Rico Infrastructure Financing Authority Act" in order to increase the sum to be appropriated to the Puerto Rico Infrastructure Financing Authority.

STATEMENT OF MOTIVES

Government investment in infrastructure constitutes the foundation for the promotion of the economic development of Puerto Rico. This public investment in capital improvements not only generates an immediate flow of economic activity by itself, but is also indispensable for the flow of new private investments that use the facilities constructed by the public sector, and without which, it would be difficult to attract private capital. Finally, it is necessary to point out that government investment in infrastructure is an indispensable element to provide basic services to the People of Puerto Rico. Classic examples of investment in infrastructure are: roads, dams, electric power system, the aqueduct and sewer system, treatment plants, telephone facilities and many others of a similar nature that result in the collective welfare of the People of Puerto Rico.

The development of this infrastructure entails a substantial investment of resources that, at times, the entities responsible for their development and operation cannot undertake. A clear example of this situation is the Aqueduct and Sewer Authority, (hereinafter denominated "AAA", Spanish
This public corporation projects a capital improvements program of approximately 1.7 billion (1,700,000,000) dollars for the next five years. Historically, the Commonwealth of Puerto Rico has provided appropriations of funds for the development of infrastructure facilities of the AAA, as well as to cover its operating expenses. Additionally, the Government Development Bank for Puerto Rico has been of great assistance by providing credit lines to partially finance its capital improvements program. At present, the credit lines in effect for the development of AAA capital improvements amount to an authorized maximum of two hundred eighty-four million, nine hundred thousand (284,900,000) dollars. It is expected that said credit lines shall be repaid from the proceeds of the bond issues, to the Federal Department of Agriculture.

Act No. 32 of July 7, 1997, increased the sum of money appropriated to the Puerto Rico Infrastructure Fund, that the Puerto Rico Infrastructure Financing Authority uses to meet its corporate purposes. This appropriation proceeds from the collections of federal taxes that are returned to the Department of the Treasury, pursuant to Section 7652(a)(3) of the Federal Internal Revenue Code, and Act No. 32, supra, which increased this appropriation to seventy million (70,000,000) dollars for fiscal years 1998-99 to 2027-28. However, this appropriation is not sufficient for the AAA to fulfill its work program.

The AAA urgently needs to obtain additional financing to continue with the projects that are under construction and initiate other projects that are needed to comply with federal and local requirements. However, in order for the Government Development Bank for Puerto Rico to continue offering the AAA the additional financial support needed, it is imperative that the appropriations approved annually for the Puerto Rico Infrastructure
Financing Authority to meet its current obligations in benefit of the AAA, be increased to ninety million (90,000,000) dollars for each of the fiscal years, beginning with the 2006-07 fiscal year, and until the 2051-52 fiscal year. This increase will allow the Government Development Bank for Puerto Rico, as Fiscal Agent and Financial Advisor of the AAA, to consider financing opportunities for the Puerto Rico Infrastructure Financing Authority in benefit of the AAA. It will also comply with the purpose of reducing the credit line, regulate, or put any other financial mechanism into effect, to achieve said purpose.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- The first paragraph of Section 25 of Act No. 44 of June 21, 1988, as amended, is hereby amended to read as follows:

"Section 25.- Special Deposit for the Benefit of the Authority

Notwithstanding the provisions of Section 29A of Act No. 143 of June 30, 1969, as amended, starting with the 1988-89 Fiscal Year, the first collections of federal fees remitted to the Department of the Treasury of Puerto Rico in each fiscal year, pursuant to Section 7652(a)(3) of the United States Internal Revenue Code of 1986, as amended, up to a maximum amount of thirty million (30,000,000) dollars, in the case of 1988-89 fiscal year, up to a maximum amount of forty million (40,000,000) dollars, in the case of the 1989-90 to 1996-97 fiscal years, up to a maximum amount of sixty million (60,000,000) dollars, in the case of the 1997-98 fiscal year, and up to a maximum amount of seventy million (70,000,000) dollars, in the case of the 1998-1999 to 2005-06 fiscal years, and up to a maximum amount of ninety million (90,000,000) dollars in the case of subsequent fiscal years up to the 2051-52 fiscal year, shall be covered into a Special Fund, as soon as they are received by the Department of the Treasury of Puerto Rico, to be
kept by or in behalf of the Authority, designated as the "Puerto Rico Infrastructure Fund", and shall be used by the Authority for its corporate purposes. In the event the collections of said federal excise taxes are insufficient to cover the sums appropriated hereby, the Secretary of the Treasury is authorized to cover said deficiency from any available funds, and the Director of the Office of Management and Budget, by petition of the Authority, shall include the necessary appropriation’s to cover said deficiencies in the recommended budget for the corresponding fiscal year."

The Authority is empowered…”

Section 2.- This Act shall take effect immediately after its approval.
CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 111 (H.B. 2719) of the 3rd Session of the 14th Legislature of Puerto Rico:

AN ACT to amend the first paragraph of Section 25 of Act No. 44 of June 21, 1988, as amended, known as the "Puerto Rico Infrastructure Financing Authority Act" in order to increase the sum to be appropriated to the Puerto Rico Infrastructure Financing Authority,

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

In San Juan, Puerto Rico, today 14th of October of 2002.

Elba Rosa Rodríguez-Fuentes
Director