

(S. B. 747)

**(No. 122-2018)**

(Approved June 29, 2018)

## **AN ACT**

To amend Section 3.42 of Act No. 83-1991, as amended, known as the “Municipal Property Tax Act of 1991,” in order to direct the Municipal Revenues Collection Center to consult with municipalities prior to authorizing a payment plan with a taxpayer or prior to granting an exemption.

### **STATEMENT OF MOTIVES**

Property taxes constitute the primary source of income of Municipalities. However, oftentimes the municipalities are unable to collect all of these taxes. In addition, the difficult financial situation the Island is undergoing is reflected in financial affairs of municipalities. For such reason, municipalities must be provided with additional tools to ensure the continuity of their sources of income, particularly of the property tax.

Act No. 83-1991, as amended, known as the “Municipal Property Tax Act of 1991,” authorizes the Executive Director of the Municipal Revenues Collection Center to authorize payment plans and award property tax exemptions to taxpayers in certain circumstances. These actions directly affect municipal revenues. However, municipal governments do not have a say in the authorization of payment plans and exemptions.

The purpose of this legislation is address said situation and provide, that prior to authorizing a payment plan or tax exemption, the CRIM must consult with and notify the municipality where the property subject to taxation is located.

For all of the foregoing, this Legislative Assembly deems it necessary to amend Section 3.42 of Act No. 83-1991, for the purpose of allowing the municipalities to participate in the CRIM's decisions regarding the authorization of payment plans and exemptions.

***BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:***

Section 1.- Section 3.42 of Act No. 83-1991, as amended, known as the "Municipal Property Tax Act of 1991," is hereby amended to read as follows:

"Section 3.42.- Extension of Time; Payment Plan–Interest.

If a taxpayer is undergoing gravely adverse financial circumstances that in the judgment of the Collection Center constitute an undue setback, and provided that the taxpayer request an extension prior to the date the real property tax becomes overdue, this official is authorized to extend the time of payment without imposing surcharges, by granting a payment plan for a term that shall not exceed eighteen (18) months and, in exceptional cases, for an additional period that shall not exceed twelve (12) months. If an extension of time is granted, the Collection Center may require the taxpayer to post a bond for an amount not greater than double the unpaid total of the tax and with those guarantors that in the judgment of the Collection Center are necessary to secure payment of the deficiency according to the terms of the extension of time. Interest shall be collected at a rate of ten percent (10%) per annum in every extension of time granted by this Section.

When a bond is not required and the taxpayer fails to meet the terms of the payment plan, he shall also be bound to pay the surcharges prescribed by law as of the moment he ceases to meet said terms.

If the amount of the unpaid tax exceeds one hundred thousand dollars (\$100,000), prior to authorizing a payment plan or exemption to the taxpayer as provided in this Act, the Municipal Revenues Collection Center shall consult with the municipality where the property is located. Upon notice, the municipality shall

state its opinion within five (5) calendar days from the date of notice. If the municipality fails to act within said term, the Municipal Revenues Collection Center may carry on with the pertinent transactions without taking into account the municipality's opinion. However, if the municipality and the CRIM do not reach an agreement, it shall be referred to the Governing Board of the Municipal Revenues Collection Center to make a determination on the matter. Said determination shall be final and binding on the parties.”

Section 2.- Effectiveness.

This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 122-2018 (S. B. 747)** of the **3<sup>rd</sup> Regular Session** of the **18<sup>th</sup> Legislative Assembly of Puerto Rico**:

**AN ACT** to amend Section 3.42 of Act No. 83-1991, as amended, known as the “Municipal Property Tax Act of 1991,” in order to direct the Municipal Revenues Collection Center to consult with municipalities prior to authorizing a payment plan with a taxpayer or prior to granting an exemption.

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

In San Juan, Puerto Rico, on this 9<sup>th</sup> day of December, 2019.

Orlando Pagán-Ramírez  
Director