

(S. B. 1600)

(No. 169-2020)

(Approved December 30, 2020)

AN ACT

To add a new Section 6060.05 to Subchapter A of Chapter 1, Subtitle F of Act No. 60-2019, as amended, known as the “Puerto Rico Incentives Code,” in order to incorporate into the Code the provisions of Act No. 216-2011, as amended, known as the “Housing Market Boost Program’s Transition Act”; modify the effective period of said provisions; and for other related purposes.

STATEMENT OF MOTIVES

Puerto Rico currently faces the extraordinary challenge of reactivating and stimulating the different production sectors in order to mitigate and neutralize the effects of the sharp contraction in economic activity generated by COVID-19 which, in itself, worsened the serious economic effects we have endured as a result of hurricanes Irma and Maria, and the recent earthquakes in the southeastern part of the Island.

The loss of income, the drop in real estate values, and the decline in the construction and housing sectors add to the foregoing. Unfortunately, the 14-year economic depression has severely affected consumers’ trust and the production capacity of our economy.

Furthermore, it is a reality that Puerto Rico's real estate market is still experiencing a contraction, which is reflected in the loss of value and a reduction of economic activity derived from real estate sales. Within this reality, the housing sector is facing particular challenges in maintaining the sales of new construction units, which has a significant effect on Puerto Rico’s economy.

There are segments of the housing market in which there is a significant demand for home ownership with buyers who have the financial capacity and are interested in acquiring the units. Puerto Rico's general financial and economic conditions, however, make it imperative for us to create the appropriate conditions to incentivize, encourage, and enable those sectors of the population that are capable and able to buy units to complete such transactions.

Through these transactions, we provide families with the stability of a decent and safe home and inject revenues into the state and the municipalities through the unit's purchase and financing agreement. In addition the acquisition of new construction homes has ripple effect on the economic due to the activation of the goods and services supply chain. For such reason, this Legislative Assembly deems it necessary to extend the effective period of the incentives provided under Act No. 216-2011, as amended, known as the "Housing Market Boost Program's Transition Act," while also incorporating them into the Puerto Rico Incentives Code, for the purpose of keeping important mechanisms in effect in order to stimulate, incentivize, and finance eligible properties under said Act.

These incentives encourage and incentivize an important sector of consumers and potential home buyers to acquire new construction homes, in an economy that is facing serious challenges in terms of consumer trust and property value. In addition, this tool shall further promote mortgage transactions, which fuel the financial and mortgage sectors, stimulate the real estate industry, and promote investment in planning, design, development, construction and sale in the housing industry.

The small side effects that these incentives cause, which have already been part of the fiscal scene of the Government of Puerto Rico for the past 9 years, is outweighed and compensated by the multiplier effect they have on the economy and

the treasury as a result of all mortgage transactions promoted and made feasible by these incentives.

The natural disaster known as hurricane Maria destroyed the homes of thousands of Puerto Rican families that were displaced and do not have a safe home. The real estate market has also been impacted by the mass migration of families who abandoned their homes and resettled in different states of the Nation. This type of measure incentivizes the sale of vacant properties, but above all, provides the hundreds of families living with uncertainty on account of not having a home with a real option for having a safe home.

Furthermore, in order to provide the real estate market with certainty and stability, the effective period of such incentives is hereby extended for a longer period so that consumers may close such transactions as part of a stable and robust incentives program.

In view of the foregoing, a new Section 6060.05 hereby added to Subchapter A of Chapter 1, Subtitle F of Act No. 60-2019, as amended, known as the “Puerto Rico Incentives Code,” in order to incorporate into the Code the provisions of Act No. 216-2011, as amended, known as the “Housing Market Boost Program’s Transition Act”; modify the effective period of said provisions; and for other related purposes.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- A new Section 6060.05 is hereby added to Subchapter A of Chapter 1, Subtitle F of Act No. 60-2019, as amended, known as the “Puerto Rico Incentives Code,” to read as follows:

“Section 6060.05.- Housing Market Boost Program’s Transition Act

(a) The provisions of Act No. 216-2011, as amended, known as the ‘Housing Market Boost Program’s Transition Act’ are made an integral part of this Code.

(b) The benefits provided in Act No. 216-2011, as amended, known as the ‘Housing Market Boost Program’s Transition Act’ which is incorporated into this Code, including, but not limited to, those contained in Sections 3(d), 4(b), 5(b), and 6(c), shall be effective through December 31, 2030.”

Section 2.- The Department of Economic Development and Commerce shall issue a circular letter or administrative order to enforce the provisions of this Act. Likewise, it shall incorporate the provisions of this Act into the regulations adopted pursuant to Act No. 60-2019, as amended, known as the “Puerto Rico Incentives Code,” within ninety (90) days from the approval of this Act, in accordance with Act No. 38-2017, as amended, known as the “Government of Puerto Rico Uniform Administrative Procedure Act.”

Section 3.- The temporary real property tax exemption provided herein shall be available for a period of five (5) years from the execution of the sales deed, and shall apply to every housing unit eligible under this Act.

Section 4.- This Act shall take effect upon its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 169-2020 (S. B. 1600)** of the **7th Special Session** of the **18th Legislative Assembly of Puerto Rico**:

AN ACT add a new Section 6060.05 to Subchapter A of Chapter 1, Subtitle F of Act No. 60-2019, as amended, known as the “Puerto Rico Incentives Code,” in order to incorporate into the Code the provisions of Act No. 216-2011, as amended, known as the “Housing Market Boost Program’s Transition Act”; modify the effective period of said provisions; and for other related purposes.

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

In San Juan, Puerto Rico, on this 30th day of March, 2022.

Mónica Freire-Florit, Esq.
Director