

(H. B. 2504)
(Conference)

(No. 187-2015)

(Approved November 17, 2015)

AN ACT

To create the “Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico Act;” attach said Portal to the Puerto Rico Institute of Statistics; establish the responsibilities and powers of said dependency; establish the public policy, definitions, and fundamental principles, powers, duties, and responsibilities of the agencies, dependencies, instrumentalities, municipalities, and public corporations of the Commonwealth of Puerto Rico; provide for the allocation of funds in order to implement the provisions of this Act and the oversight mechanisms; amend Section 1 of Act No. 135 of May 9, 1945, as amended; amend Sections 1 and 2 of Act No. 148 of May 10, 1948, as amended; amend Sections 2 and 3 of Act No. 7 of March 4, 1955, as amended; amend Section 5 of Act No. 34 of June 11, 1957, as amended; add a new Section 5 and renumber current Section 5 as Section 6 of Act No. 72 of June 21, 1962, as amended; amend Sections 1 and 3, add a new Section 3-A, and amend Sections 4, 5, 6, 9, 10, and 11 of Act No. 168 of June 30, 1968, as amended, known as the “Hospital Facilities Tax Exemption Act”; amend Sections 2, 3, 5, and 7 of Act No. 54 of June 21, 1971, as amended; amend Sections 3, 4, 5, 7, 8, and 10 of Act No. 47 of June 26, 1987, as amended, known as the “Public and Private Sector Copartnership for the New Housing Operation”; add a new Section 18 and renumber current Section 18 as Section 19 of Act No. 148 of August 4, 1988, as amended, known as the “Special Act for the Rehabilitation of Santurce”; amend Section 3 of Act No. 52 of August 11, 1989, as amended, known as the “International Banking Center Regulatory Act”; amend Sections 2.03, 5.01, 5.43, 5.48, and 5.50 of Act No. 83-1991, as amended, known as the “Municipal Property Tax Act of 1991”; amend Section 16 of Act No. 124-1993, as amended, known as the “Social Concerns-Housing Subsidy Program”; add a new Section 2-A and amend Sections 4, 5, and 7 of Act No. 225-1995, as amended, better known as the “Puerto Rico Agricultural Tax Incentives Act”; add a new Section 19 and renumber current Section 19

as Section 20 of Act No. 14-1996, as amended, known as the “Special Act for the Development of Castañer”; add a new Section 2, renumber current Sections 2, 3, 4, 5, 6, and 7 as Sections 3, 4, 5, 6, 7, and 8, respectively, and amend renumbered Sections 4, 6, and 7 of Act No. 165-1996, as amended, known as the “Rental Housing Program for Low Income Elderly Persons”; amend Section 3 of Act No. 173-1996, as amended, known as the “Commonwealth Veterans Housing Rental and Low Income Elderly Persons Housing Rental and Improvement Subsidy Matching of Funds Program”; amend Sections 3 and 7 of Act No. 46-2000, as amended, known as the “Puerto Rico Investment Capital Fund Act of 1999”; add a new Section 14 to Act No. 178-2000, as amended, known as the “Special Act for the Creation of the Santurce Theater District”; amend Sections 4 and 5 of Act No. 213-2000, as amended; amend Section 7 of Act No. 98-2001, as amended, known as the “Tax Credits for Investment in Housing Infrastructure Act”; amend Section 10 of Act No. 140-2001, as amended, known as the “Tax Credits for Investment in New Construction and Rehabilitation of Rental Housing for Low or Moderate Income Families Act”; amend Sections 4, 5, 6, 7, 8, 11, 12, 16, and 17, add a new Section 20, renumber current Sections 20, 21, 22, 23, and 24 as Sections 21, 22, 23, 24, and 25, respectively, and amend renumbered Section 21 of Act No. 183-2001, as amended, known as the “Puerto Rico Conservation Easement Act”; amend Sections 4.03 and 4.04 of Act No. 212-2002, as amended, known as the “Urban Centers’ Revitalization Act”; amend Section 15 of Act No. 244-2003, as amended, known as the “Act for the Creation of Assisted Living Housing Projects for the Elderly in Puerto Rico”; add a new Section 1-A and amend Sections 12, 15, 17, and 18 of Act No. 73-2008, as amended, known as the “Economic Incentives Act for the Development of Puerto Rico”; amend Section 1, add Sections 1-A and 1-B, and amend Section 9 of Act No. 74-2010, as amended, better known as the “Puerto Rico Tourism Development Act of 2010”; amend Sections 2.2 and 2.17 of Act No. 83-2010, as amended, better known as the “Green Energy Incentives Act of Puerto Rico”; amend Sections 4 and 9 of Act No. 159-2011, as amended, known as the “Act to Provide Tax Incentives for Investments in Solid Waste Reduction, Disposal, and/or Treatment Facilities”; amend Sections 2, 3, 4, 5, and 6 of Act No. 216-2011, as amended, known as the “Housing Market Boost Program’s Transition Act”; amend Sections 3, 10, 12, and 13 of Act No. 20-2012, as amended, known as the “Act to Promote the Export of Services”; amend Sections 3, 6, and 10 of Act No. 22-2012, as amended, known as the “Act to Promote the Relocation of Individual Investors to Puerto Rico”; amend Sections 3.1, 4.1, and 4.8 of Act No. 1-2013, as amended, known as the “Jobs Now Act,” and amend Section 5 of Act No.

68-2013, as amended; establish specific effectiveness provisions for some procedures and acts for the purpose of integrating the special acts which regulate incentives, credits, exemptions, deductions, or benefits related to taxes and to establish effective oversight mechanisms for these tax policies and statutes with the goal of promoting the economic development of Puerto Rico; and for other related purposes.

STATEMENT OF MOTIVES

There is a time in the development of nations where individual aspirations must be disregarded to attain common goals. When that time finally arrives, society must start evolving and begin to define collective needs that are critical to improve the quality of life of its members. It is then that we realize, as a community, how trivial our irreconcilable differences are and begin to pave the way for our future with certainty and solidarity.

In modern society, the mission of the State is to guarantee its constituents the highest quality of life possible. Issues such as housing, health, security, education, employment, and economy, among others, are essential elements to achieve such goal, since they have an impact on all aspects of a citizen's individual, family, and professional life. Our people deserve and demand a strong government entity with financial resources to provide the people with tools, as well as with the vision and strength to face the challenges of the 21st century.

Tax policies cannot be based on revenue collection alone, such policies must also promote economic development. Taxation involves the following elements: (1) interpretive regulations and rules for tax policies; (2) tax incentives or benefit laws; and (3) oversight mechanisms. Each one of these are inseparable from each other and are connected unitarily. Therefore, when working with the tax system of a country, all of these elements must be considered jointly in order to include all areas of interest that may affect its interpretation.

As for tax incentive or benefit laws, said laws are created for the purpose of generating the economic activity the State intends to further. Such laws are part of the Code and of various special statutes. They encompass fields such as tourism, agriculture, construction, and health, among others, which have a direct impact on the services provided to the people. Making treasury resources available for the development of anything that inures to the benefit of the people constitutes a compelling government interest.

The tax incentive or benefit laws have to be approved in conjunction with oversight mechanisms. Said mechanisms are systems established to validate and corroborate the information provided by the taxpayers, and to ascertain whether the funds allocated by the government are being used responsibly for the purpose for which they were allocated. In doing so, compliance with tax policies is ensured, thus allowing the State to fulfill its social responsibilities.

Agriculture, construction, manufacture, tourism, health, and arts, among others, are essential aspects of the economic structure of our Island. Since time immemorial, they have been the subject of legislation for the purpose of furthering and guaranteeing a very productive economic activity. Production in these areas, as well as local and foreign investment have been stimulated through the creation of incentives, credits, deductions, exemptions, and benefits.

For such reason, this Act revises approximately 30 tax incentive, credit, exemption, deduction, and benefit laws for the purpose of promoting economic activities that have a great impact on the development of the Island. Because Puerto Rico is an island with a great number of human and natural resources, it is in the best interest to provide for the allocation of funds from the treasury to promote the capitalization on the aforementioned resources. Ensuring the use and development of these resources shall yield greater benefits for the Government and the people and therefore for the Island as a whole. For such purpose, said laws are revised to create

new jobs in Puerto Rico and promote the acquisition of raw materials manufactured products, construction materials, and agricultural products, as well as the contracting of local professional services. Moreover, the use of financial services from institutions with a presence in Puerto Rico is thus promoted.

Likewise, the revision of these laws seeks to foster the transfer of knowledge. This means that if there is a need to outsource a foreign professional to carry out a specific task due to criteria such as availability, experience, specificity, skills, or any other valid reason, a collaboration process must take place between the local professional and the outsourced foreigner in order to improve the professional experience of our citizens.

This initiative also addresses concerns regarding the process for granting incentives, which entailed a thorough analysis of the areas requiring improvement to ensure more efficient, swifter, and simpler processes for the applicant. The requirements upon which incentives are contingent must be also revised in an effort to retain local talent.

A structure to maximize the resources of the State and facilitate businessmen's access to current incentives has been established as an essential part of this approach. For such reason, there has been created a swift, reliable, and updated mechanism whereby different types of information that are essential for developing an adequate strategy and overseeing government tools and initiatives may be gathered into a single system in a planned and orderly manner. This mechanism has been named the "Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico," to be attached to the Puerto Rico Institute of Statistics.

Said Portal shall be the sole instrument used by the Grantor-Recipient Agencies responsible for granting any type of tax incentive or benefit to any natural or juridical person validated by the Certifying-Issuing Agencies as being compliant with the laws authorizing the granting thereof. The Portal shall also allow for the

effective communication between the different agencies, whether they are Certifying-Issuing Agencies or Grantor-Recipient Agencies, in order to process, oversee, validate, and award the tax incentives or benefits which promote the economic development of Puerto Rico.

This mechanism shall not only provide for a streamlined process whereby beneficiaries shall apply for incentives or credits, but shall also afford the State an opportunity to avail itself of an empirical source which allows it to determine the performance of the benefits granted. Thus, the nature of the incentivized economic activity shall determine which agency shall be responsible for obtaining the information required to qualify for the tax privileges. Neither the Department of the Treasury, CRIM, nor the municipalities shall award tax benefits, deductions, or exemptions to incentivized business that have not been certified in the Portal by the overseeing agency.

In view of the foregoing, the data listed below—which shall be required to obtain a decree and requested upon the issuance of a Certificate of Compliance and the filing of an income tax return— shall be contained in the Portal, to wit: the name of the natural or juridical person or exempt business in question; the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required by the Puerto Rico Internal Revenue Code; the employer identification number; and the information required by Act No. 216-2014, better known as the “Fiscal Information and Permit Control Act.”

With the creation of the aforementioned technology tools the current oversight process shall be innovated and the Department of the Treasury shall be relieved of overseeing compliance with incentive laws and shall delegate the evaluation and certification authority to the pertinent agencies. In doing so, the Department of the Treasury shall be able to focus on the duties inherent thereto, and the identification of any individual failing to fulfill his tax liabilities.

Therefore, in an effort to improve the efficiency of the State's resources, and promote the economic activity and development of the Island, this Legislative Assembly deems it imperative to approve this legislation in order to provide our society with the tools, mechanisms, and opportunities to face the challenges of this century.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Title.-

This Act shall be known as the “Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico Act.”

Section 2.- Public Policy.-

It is hereby declared as the public policy of the Commonwealth of Puerto Rico the establishment of a mechanism —such as the one provided for herein— to compile, in a well-structured and planned manner, different information that is critical to strategically use and adequately oversee government tools and initiatives aimed at promoting the economic development of Puerto Rico, as well as to address the different demands and challenges of the 21st century society.

The creation of the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico hereunder shall streamline and expedite the evaluation and processing of tax incentives and benefits to provide natural or juridical persons with an effective mechanism to further the Island's much- needed economic progress.

Moreover, as part of a philosophy of responsibility towards the Treasury, the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico shall allow for the establishment of clear parameters that shall serve to guarantee the effective oversight of the aforementioned tax incentives and benefits.

Section 3.- Definitions.-

For purposes of the implementation and operation of the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, the following terms shall have the meaning stated below:

(a) “Certifying-Issuing Agency”: shall mean any agency, entity, or instrumentality of the Commonwealth of Puerto Rico, and any municipality, or public corporation that, through a certificate of compliance or any other document, by virtue of its Enabling Act or other special law, validates that a natural or juridical person meets the requirements to obtain a tax incentive or benefit requested or granted to promote an incentivized activity.

Without it being construed as a limitation to other entities that comply with the definition established herein, for purposes of the Portal, the following shall be considered Certifying-Issuing agencies: the Department of Economic Development and Commerce and the Industrial Tax Exemption Office thereof; the Puerto Rico Trade and Export Company; the Industrial Development Company; the Department of Housing; the Department of Agriculture of Puerto Rico; the Milk Industry Regulation Administrator; the Department of the Treasury; the Department of Natural and Environmental Resources; the Department of Health; the Puerto Rico Tourism Company; the Department of State; the Office of the Commissioner of Financial Institutions; the Ports Authority of Puerto Rico; the Institute of Puerto Rican Culture; the Planning Board of Puerto Rico; the Environmental Quality Board;

the Commonwealth Energy Public Policy Office; and the Puerto Rico General Council on Education.

The Conservation Trust of Puerto Rico shall be considered a Certifying-Issuing Agency for purposes of the Portal and, therefore, shall be required to comply with these provisions.

(b) “Grantor-Recipient Agency”: shall mean any agency, entity, or instrumentality of the Commonwealth of Puerto Rico, and any municipality or public corporation that by virtue of its Enabling Act, or any other special law, is the recipient of a certificate of compliance in effect, and is responsible for granting any type of tax incentive or benefit to a natural or juridical person that meets the appropriate requirements.

Without it being construed as a limitation to other entities that comply with the definition established herein, for purposes of the Portal the following shall be considered Grantor-Recipient agencies: the Department of the Treasury; the Municipal Revenues Collection Center and the municipalities.

(c) “Certificate of Compliance”: shall mean the document undersigned by the Certifying-Issuing Agency validating that the natural or juridical person that requests, amends, or wishes to maintain a tax incentive or benefit meets the requirements of this Act and complies with all the provisions of the statute by virtue of which the aforementioned tax privilege is granted.

(d) “Tax Incentive or Benefit”: shall mean the tax decree, exemption, deduction, credit, reduction, incentive, or benefit of any kind granted by a Grantor-Recipient Agency through any of the laws mentioned in Section 4 of this Act, for the purpose of promoting a certain activity.

(e) “Natural or Juridical Person”: shall mean the individual or entity that requests, amends, or wishes to maintain a tax incentive or benefit.

(f) “Portal”: shall mean the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico.

Section 4.- Scope of this Act.-

The regulations of the Portal and the Certificates of Compliance provided for in this Act shall apply to the award and issuance of any tax incentive or benefit established under the following laws:

- (a) Act No. 135 of May 9, 1945, as amended;
- (b) Act No. 148 of May 10, 1948, as amended;
- (c) Act No. 7 of March 4, 1955, as amended;
- (d) Act No. 34 of June 11, 1957, as amended;
- (e) Act No. 72 of June 21, 1962, as amended;
- (f) Act No. 168 of June 30, 1968, as amended, known as the “Hospital Facilities Tax Exemption Act”;
- (g) Act No. 54 of June 21, 1971, as amended;
- (h) Act No. 47 of June 26, 1987, as amended, known as the “Public and Private Sector Copartnership for the New Housing Operation”;
- (i) Act No. 148 of August 4, 1988, as amended, known as the “Special Act for the Rehabilitation of Santurce”;
- (j) Act No. 52 of August 11, 1989, as amended, known as the “International Banking Center Regulatory Act”;
- (k) Act No. 83-1991, as amended, known as the “Municipal Property Tax Act of 1991”;
- (l) Act No. 124-1993, as amended, known as the “Social Concerns-Housing Subsidy Program”;
- (m) Act No. 225-1995, as amended, better known as the “Puerto Rico Agricultural Tax Incentives Act”;

(n) Act No. 14-1996, as amended, known as the “Special Act for the Development of Castañer”;

(o) Act No. 165-1996, as amended, known as the “Rental Housing Program for Low Income Elderly Persons”;

(p) Act No. 173-1996, as amended, known as the “Commonwealth Veterans Housing Rental and Low Income Elderly Persons Housing Rental and Improvement Subsidy Matching of Funds Program”;

(q) Act No. 46-2000, as amended, known as the “Puerto Rico Capital Investment Fund of 1999”;

(r) Act No. 178-2000, as amended, known as the “Special Act for the Creation of the Santurce Theater District”;

(s) Act No. 213-2000, as amended;

(t) Act No. 98-2001, as amended, known as the “Tax Credit for Investment in Housing Infrastructure Act”;

(u) Act No. 140-2001, as amended, known as the “Tax Credits for Investment in New Construction and Rehabilitation of Rental Housing for Low or Moderate-Income Families Act”;

(v) Act No. 183-2001, as amended, known as the “Puerto Rico Conservation Easement Act”;

(w) Act No. 212-2002, as amended, known as the “Urban Centers Revitalization Act”;

(x) Act No. 244-2003, as amended, known as the “Act for the Creation of Assisted Living Housing Projects for the Elderly in Puerto Rico”;

(y) Act No. 73-2008, as amended, known as the “Economic Incentives Act for the Development of Puerto Rico”;

(z) Act No. 74-2010, as amended, better known as the “Puerto Rico Tourism Development Act of 2010”;

(aa) Act No. 83-2010, as amended, better known as the “Green Energy Incentives Act of Puerto Rico”;

(bb) Act No. 132-2010, as amended, known as the “Real Property Market Stimulus Act”;

(cc) Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011”;

(dd) Act No. 159-2011, as amended, known as the “Act to Provide Tax Incentives for Investments in Solid Waste Reduction, Disposal, and/or Treatment Facilities”;

(ee) Act No. 216-2011, as amended, known as the “Housing Market Boost Program’s Transition Act”;

(ff) Act No. 20-2012, as amended, known as the “Act to Promote the Export of Services”;

(gg) Act No. 22-2012, as amended, known as the “Act to Promote the Relocation of Individual Investors to Puerto Rico”;

(hh) Act No. 1-2013, as amended, known as the “Jobs Now Act.”

Section 5.- Scope and Construction with other Acts.-

Except for Act No. 1-2011, as amended, better known as the “Puerto Rico Internal Revenue Code of 2011,” this Act shall be construed to prevail over any other laws in effect as of the effective date thereof that poses or may be construed as posing an obstacle to the attainment of the objectives of this Act. Any statute or regulations thus affected shall be deemed to be amended to conform to the provisions of this Act.

Any administrative order, circular letter, memorandum, or interpretive document of any matter covered under this Act shall be evaluated and amended, as appropriate, within the terms provided for the approval and adoption of the regulations created in accordance with this Act. Any administrative order, circular

letter, memorandum, or interpretive document that is inconsistent with the provisions of this Act or the regulations thereunder shall be null and ineffective in all that pertains to the provisions set forth herein.

Any government agency, entity, instrumentality, municipality, or public corporation mentioned in Section 4 regarding any issue covered in this Act shall be evaluated and amended accordingly, within the terms provided for the approval and adoption of regulations pursuant to this Act. Any administrative order, circular letter, memorandum, or interpretative document that is inconsistent with the provisions of this Act or with the regulations adopted thereunder shall be invalid and have no effect, specifically with regard to the provisions of this Act.

Section 6.- Portal.-

The Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, hereinafter the Portal, is hereby created to be attached to and under the supervision and administration of the Puerto Rico Institute of Statistics, as a digital information system containing every Certificate of Compliance issued by the Certifying-Issuing Agencies to natural and juridical persons that apply for and receive tax privileges as provided in Sections 3 and 4 of this Act.

The Portal shall be the minimum method used by Grantor-Recipient Agencies to ascertain compliance by natural or juridical persons with the appropriate incentive laws and to grant the tax incentive or benefit in question.

The Portal shall be a swift, reliable, and updated mechanism which shall allow for the effective communication between the different agencies, whether they are Certifying-Issuing Agencies or Grantor-Recipient Agencies in order to process, oversee, validate, and grant tax incentives or benefits that promote the economic development of Puerto Rico. If the contracting of private companies is necessary for the creation and administration of the Portal, the entity or entities shall have the

necessary resources, either individually or collectively, to implement the Portal as well as extensive experience working with state and municipal databases.

The Puerto Rico Institute of Statistics shall prescribe by regulations all that pertains to the operation of the Portal and the information to be required therefor.

Section 7.- Certificate of Compliance.-

The Certificate of Compliance shall validate for a Grantor-Recipient Agency that the natural or juridical person meets the specific requirements of the law by virtue of which a particular privilege is granted and, therefore, qualifies for the tax incentive or benefit in question.

The Certificate of Compliance shall be valid for one year, and shall be in effect and available in the Portal for the granting of the tax incentive or benefit, amending and maintaining said incentive, and even to prevent the revocation of a tax credit, as the case may be. However, during the period in which the Portal is still not operating, it shall be the duty of the Certifying-Issuing Agency to issue a Certificate of Compliance to the Grantee-Recipient Agency following the regular procedure.

The Certificate of Compliance shall include the specific provision of the law that offers the incentive or benefit; the nature of the incentive or benefit; any variation with regard to the awarded amount of the benefit or incentive in question; any pertinent information, as provided in the corresponding laws, which shows the results of the impact of the incentivized activity on the economy of Puerto Rico (for example, tax-exempt revenues, if any, the investment, and the number of jobs created), in order to extract the information for analytical and statistical purposes; and the signature of the official certifying that all the information is correct and that the natural or juridical person meets all the requirements set forth by law.

In order to be valid, the Certificate shall also include, at least, the following information:

- (a) the name of the natural or juridical person, or of the exempt business in question;
- (b) a note stating whether the tax incentive or benefit is awarded for the first time, the tax incentive or benefit is amended to maintain the same, or whether the conditions that prevent the revocation of the tax credit are still met;
- (c) the cadastre number of the property or properties connected to the business;
- (d) the merchant registration number;
- (e) the account connected to the business as required by the Puerto Rico Internal Revenue Code of 2011;
- (f) the employer identification number; and
- (g) the information required by Act No. 216-2014, better known as the “Fiscal Information and Permit Control Act.”

The information contained in the Certificate of Compliance must be entered digitally, by fields, to allow access thereto by the Puerto Rico Institute of Statistics for analytical and statistical purposes. For such reason, digital photos (JPGs) and any other similar formats that prevent or impair data extraction shall not be accepted.

The Director of the Puerto Rico Institute of Statistics may refuse to publish in the Portal any Certificate of Compliance that fails to comply with the provisions herein and any interested natural or juridical person and the Certifying-Issuing Agency shall be responsible for correcting the same.

The Certificate of Compliance shall not contain specific information, other than established herein that may violate the confidentiality provisions of any laws governing tax decrees.

Notwithstanding any other provision of Law which requires the deposit of a significant amount of funds in a banking and/or corporate institution with a presence in Puerto Rico as a condition to receive an incentive, if the Law that establishes the incentives or the Certifying-Issuing Agency fails to state the amount of income that would be sufficient to comply with the Act, any natural or juridical person shall be deemed to be compliant if such person deposits ten percent (10%) of the funds generated from the incentivized economic activity.

Section 8.- Duties of Certifying-Issuing Agencies.-

It shall be the responsibility of the Certifying-Issuing Agencies to thoroughly evaluate the applications for tax incentives or benefits, the amendments thereto, or the maintenance of said incentives in order to ascertain whether the natural or juridical person meets the requirements set forth in this Act and in the laws under which said tax incentives or benefits are awarded.

Once the Certifying-Issuing Agencies ascertain to their satisfaction that the natural or juridical persons meet the requirements of the aforementioned laws, said agencies shall issue a Certificate of Compliance and make it available to the appropriate Grantor-Recipient Agencies. The Certificate of Compliance shall endorse the tax incentive or benefit and it shall contain all the information required herein, as well as any other information required under the law that grants the tax incentive or benefit in question.

Certifying-Issuing Agencies shall be responsible for overseeing annually the eligibility of natural or juridical persons in order to verify whether they are compliant with all the provisions of this Act and specific laws, as well as with the agreements entered into to obtain the tax incentive or benefit in question. This includes verifying whether they still meet the requirements to prevent the revocation of the tax credit awarded, as the case may be.

Certifying-Issuing Agencies shall be required to adapt, modify, and implement any change to their operational and regulatory structures in order to send the Certificates of Compliance to the Portal, as provided by the Puerto Rico Institute of Statistics, to comply with all that pertains to this Act, and to ensure that Grantor-Recipient Agencies received such Certificates.

Section 9.- Duties of the Grantor-Recipient Agencies.-

Grantor-Recipient Agencies shall be responsible for ensuring that every application for tax incentives or benefits submitted by a natural or juridical person interested in validating a tax incentive or benefit encloses the Certificate of Compliance issued by the appropriate Certifying-Issuing Agency.

Grantor-Recipient Agencies shall ensure that the Certificate of Compliance available in the Portal is valid. No Grantor-Recipient Agency may process or award the tax incentives or benefits in question if the provisions of this Act are not strictly complied with. If the Grantor-Recipient Agency determines that the Certificate of Compliance fails to meet the requirements of this Act or of the law under which said tax incentives or benefits are awarded, the Agency shall apprise the interested natural or juridical person and the Certifying-Issuing Agency of said fact. The Grantor-Recipient Agency shall also notify and request the natural or juridical person to supply any information deemed necessary to rectify the situation and, once the situation is rectified, such Agency shall award the tax incentive or benefit in question. The Grantor-Recipient Agency shall deny any tax incentives or benefits until the situation is resolved.

Section 10.- Governing Principles.-

This Act, the Portal, and the regulations adopted thereunder shall be governed by and ensure compliance with the following Governing Principles:

(a) Validation.-

As of the approval of this Act, no Grantor-Recipient Agency shall award or process any tax incentive or benefit to any natural or juridical person if such person does not have a valid Certificate of Compliance in the Portal.

(b) Information Flow and Update.-

Every agency, entity, and instrumentality of the Commonwealth of Puerto Rico, municipality and public corporation involved shall be responsible for, as provided for in this Act, supplying continuously to the Portal attached to the Puerto Rico Institute of Statistics any information or documents, whether it be on paper, digital format, or any other type of medium, as are necessary to discharge the powers and duties assigned to said entity under this Act, in a format that complies with Section 7 of this Act.

(c) Responsibility.-

Natural or juridical persons interested in any tax incentive or benefit shall be responsible for filing with the Certifying-Issuing Agency the initial application, as well as for requesting that any amendment or update be made to the Certificate of Compliance in effect.

(d) Confidentiality.-

The information available in the Portal regarding any natural or juridical person shall not include private information related to the awarded decree which is, and shall remain, confidential due to its nature.

The information available in the Portal shall be strictly limited to the information provided herein and any other that may be relevant and allowed in accordance with the special law that provides for the tax incentive or benefit in question.

(e) Accessibility.-

The Portal and the information contained therein shall be used solely by the government agencies, entities, and instrumentalities, as well as municipalities and public corporations that are also Certifying-Issuing Agencies or Grantor-Recipient Agencies.

(f) Ownership, Custody, and Accuracy of Information.-

The ownership, custody, and accuracy of the databases supplied by every agency, entity, and instrumentality of the Commonwealth of Puerto Rico, as well as every municipality and public corporation that issues Certificates of Compliance, as provided herein, shall be kept and administered by the entity that supplied it. The Puerto Rico Institute of Statistics shall only be limited to receive information, verify whether it complies with the formats and parameters set forth in this Act, and enter it in the Portal without prejudice to the Institute's authority to analyze the data in accordance with its legal duties.

(g) Extension of the Portal's Uses.-

Any government agency, entity, instrumentality, or any municipality or public corporation that awards any type of concession, license, or certification not included in Section 4 of this Act may use the Portal if it believes it may benefit from the accessibility and technology thereof. The head of the government agency, entity, instrumentality, municipality, or public corporation in question may enter into an agreement with the Executive Director of the Puerto Rico Institute of Statistics to such effect.

Section 11.- Duties of the Institute of Statistics.-

The Executive Director of the Puerto Rico Institute of Statistics shall have the duty and responsibility of maintaining the Portal, ensuring the correct use thereof, and coordinating the entry, storage, and availability of the information received. Therefore, the Executive Director shall be charged with establishing the guidelines, formats, and standards for gathering and transmitting the information; receiving the data and establishing the appropriate mechanisms to guarantee the access to these resources; and providing support to the entities that use the Portal to guarantee that the Certificates of Compliance are processed in accordance with the provisions of this Act.

Furthermore, the Executive Director shall be responsible for preparing graphics, tables, or other mechanisms he deems convenient, in order to analyze the information supplied in the Certificates of Compliance to correlate the tax incentives or benefits awarded with the incentivized activity and the impact thereof on Puerto Rico's economy. The analysis of the information herein provided shall be sent to the Governor and the Legislative Assembly every year on March 1st.

The Executive Director of the Puerto Rico Institute of Statistics shall prescribe by regulations or circular letter all that pertains to the operation and implementation of the provisions of this Act.

Section 12.- Funds.-

The sum of one million dollars (\$1,000,000) shall be appropriated annually for the use, maintenance, and development of the Portal. Said sum shall originate from the Special Economic Development Fund established in Section 17 of Act No. 73-2008, as amended, known as the "Economic Incentives Act for the Development of Puerto Rico." Nonetheless, the Secretary of Economic Development is hereby empowered to direct the Tourism Company and/or the Puerto Rico Trade and Export Company to transfer to such fund any sums as are necessary to defray, in whole or

in part, the one million dollars (\$1,000,000) provided in this Act in favor of the Portal, for the purposes provided herein.

The Secretary of Economic Development and the Executive Director of the Puerto Rico Institute of Statistics shall establish the pertinent mechanisms and agreements for the transfer of these funds.

Section 13.- Collaboration with SIGELA.-

The Portal shall send the information regarding the Certificates of Compliance and the locations of the incentivized businesses to the Commonwealth of Puerto Rico Geospatial Information System created by virtue of Act No. 184-2014 for statistical and analytical purposes, upon compliance with Section 10 of this Act,

The Executive Director of the Puerto Rico Institute of Statistics, in conjunction with the Executive Director of the Permit Management Office, shall draft regulations, circular letters, and any other pertinent documents for the transmission of the necessary information.

Section 14.- Subsections (a) and (e) are hereby amended and a new subsection (g) is hereby added to Section 1 of Act No. 135 of May 9, 1945 as amended, to read as follows:

“Section 1.-

- (a) Every natural or juridical person...

Likewise any aircraft and the equipment related thereto, leased and owned by a public carrier engaged in air transportation services are hereby exempt from all property taxes, provided it is established to the satisfaction of the Executive Director of the Ports Authority of Puerto Rico that such property is being used for such purpose.

In addition, contractors and...

- (b) ...

- (c) ...

(d) ...

(e) Those public carriers...

It shall be deemed to be a “substantial expansion” when the same produces a minimum increase in jobs, capital investment, number of air routes and number of flights of at least twenty-five percent (25%) above the average of the carrier’s last three (3) years of operations in Puerto Rico. The Secretary of the Treasury shall determine, upon consultation with the Executive Director of the Ports Authority, what constitutes a substantial expansion.

Provided, that when granting and overseeing the exemption established herein, the Executive Director of the Ports Authority and the Secretary of the Treasury shall take into consideration any conflict of interest that could arise between stockholders who are, in turn, public officials.

(f) ...

(g) In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Ports Authority of Puerto Rico and the Executive Director thereof shall be required to oversee and ensure compliance with all the provisions of this Act. The Executive Director shall be the sole official responsible for verifying and ensuring that public carriers engaged in air transportation services meet the eligibility requirements set forth in this Act.

The Executive Director shall be required and responsible for preparing a Certificate of Compliance annually, once public carriers engaged in air transportation services validate, in the judgment of said official, that public carriers have met the requirements set forth herein. The Executive Director shall verify the information submitted by the public carriers engaged in air transportation services annually so that the Certificate of Compliance is issued not later than the fifteenth

(15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the public carrier engaged in air transportation services: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required by the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

The Certificate of Compliance shall be issued by the Executive Director through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established in this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Executive Director to issue the Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established herein following the ordinary process. The filing of a Certificate of Compliance by the public carrier engaged in air transportation services shall be an essential requirement for the agency, public corporation, or municipality to award the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Executive Director shall be responsible, first and foremost, for

overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Director should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

Those natural or juridical persons...”

Section 15.- Section 1 of Act No. 148 of May 10, 1948, as amended, is hereby amended to read as follows:

“Section 1.- By virtue of this Section, and as of January 1st, 1947, there shall be exempt from all taxes and levies, every institution, college, academy, or school accredited by the Puerto Rico General Council on Education for the teaching of the fine arts.”

Section 16.- Section 2 of Act No. 148 of May 10, 1948, as amended, is hereby amended to read as follows:

“Section 2.- Any institution, college, academy, or school wishing to avail itself of the benefits of this Section shall file an application with the General Council on Education and the Secretary of the Treasury stating the date of its foundation, location, and its curriculum and teaching methods. Once such application has been filed with and verified by the General Council on Education, the Council shall issue a Certificate of Compliance through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established in this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Puerto Rico General Council on Education to issue the Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting the benefits or incentives established in this Act following the regular procedure. The filing of a Certificate of Compliance by the institution, college, academy, or school shall be an essential requirement for the agency, public corporation, or municipality to award the benefit or incentive provided for in this Act.

The General Council on Education shall be required and responsible for preparing a Certificate of Compliance annually, once the institution, college, academy, or school validate, in the judgment of said agency, that they have met the requirements set forth in this Act. The Puerto Rico General Council on Education shall verify the information submitted by the institution, college, academy, or school annually so that the Certificate of Compliance is issued not later than the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the institution: its name, the cadastre number of the property or properties connected to the entity; the merchant registration number; the account connected to the entity, as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of the Certificate of Compliance in effect, as provided in this Section. The Secretary shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may notify the applicant and the Puerto Rico General Council on Education should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted

by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

Section 17.- Section 2 of Act No. 7 of March 4, 1955, as amended, is hereby amended to read as follows:

“Section 2.-

Any natural or juridical person who carries out improvement, restoration, or reconstruction works of existing buildings, or restructuring or new construction works on vacant lots in the Historic Zones of Puerto Rico, may take the necessary steps to obtain a Certificate of Compliance from the Puerto Rico Institute of Puerto Rican Culture in order to request a property tax exemption on the building and on the lot from the Secretary of the Treasury, pursuant to the terms of this Act.”

Section 18.- Section 3 of Act No. 7 of March 4, 1955 as amended, is hereby amended to read as follows:

“Section 3.-

Once it has been...

It being understood, that a partially restored property....

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Puerto Rico Institute of Puerto Rican Culture and the Executive Director thereof shall be required to oversee and ensure compliance with all the provisions of this Act. The Executive Director shall be the sole official responsible for verifying and ensuring that exempt persons meet the requirements established in this Act.

The Executive Director shall be required and responsible for preparing a Certificate of Compliance annually, once exempt persons validate, in the judgment of said official, that they have met the requirements set forth in this Act. The Executive Director shall verify the information submitted by exempt persons

annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the exempt person and the property: the name, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Executive Director through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for awarding benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Executive Director to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives under this Act following the ordinary process. The filing of the Certificate of Compliance by an exempt person shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in

this Section. The Executive Director shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may notify the applicant and the Executive Director should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 19.- Subsection (a) of Section 5 of Act No. 34 of June 11, 1957, as amended, is hereby amended to read as follows:

“Section 5.- Powers and Duties of the Administrator.-

(a) General Powers.-

The Administrator shall have power to investigate and regulate all phases of the milk industry and milk byproducts in the Commonwealth of Puerto Rico, including the production, processing, sterilization, manufacture, storage, purchase and sale, transportation and distribution of the main product and its byproducts.

The Administrator shall be responsible for verifying and ensuring that the Puerto Rico Milk Industry Inc. meets the requirements established in Act No. 72 of June 21, 1962, as amended, in accordance with the parameters set forth therein.

(b) ...”

Section 20.- A new Section 5 is hereby added to Act No. 72 of June 21, 1962, as amended, to read as follows:

“Section 5.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Milk Industry Regulation Administrator, as provided in Act No. 34 of June 11, 1957, as amended, shall be required to oversee and ensure compliance with all the provisions of this Act. The Administrator shall be the sole official responsible for verifying and ensuring that the Puerto Rico Milk Industry Inc. meets the eligibility requirements provided herein.

When evaluating the benefits and incentives granted herein, the Administrator shall oversee that the Puerto Milk Industry Inc. promotes:

(a) The creation and retention of jobs.

(b) The acquisition of raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation, or extension of their physical facilities. If the purchase of said products cannot be financially justified when taking into account criteria such as quality, quantity, price, or availability of these products in Puerto Rico, the Administrator may issue a certificate attesting to such fact.

(c) The acquisition of services from professionals or businesses with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity, or skill or any other valid reason recognized by the Administrator, the Puerto Rico Milk Industry Inc. may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly

with the service provider chosen by the Puerto Rico Milk Industry Inc., in order to receive the requested services.

(d) Proof that a significant amount of the income derived from its economic activity is deposited and that the services of banking and/or cooperative institutions with a presence in Puerto Rico are used. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, the Administrator may issue a certificate attesting to such fact.

If the exempt business partially meets the requirements established in this subsection, the Administrator shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Administrator shall be required and responsible for preparing a Certificate of Compliance once the Puerto Rico Milk Industry Inc. validates, in the judgment of said official, that it has met the requirements set forth in this Act. The Administrator shall verify annually the information submitted by the Puerto Rico Milk Industry Inc. so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the Puerto Rico Milk Industry Inc.: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the 'Puerto Rico Internal Revenue Code'; the employer identification number; and the information required by Act No. 216-2014, better known as the 'Fiscal Information and Permit Control Act.'

The Certificate of Compliance shall be issued by the Administrator through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established in this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Administrator to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives under this Act following the ordinary procedure. The filing of the Certificate of Compliance by the Puerto Rico Milk Industry Inc. shall be an essential requirement for the agency, public corporation, or municipality to award the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Administrator shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives awarded under this Act may contact the applicant and the Administrator should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center may deny any tax incentives or benefits

requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 21.- Current Section 5 of Act No. 72 of June 21, 1962, as amended, is hereby renumbered as Section 6.

Section 22.- A new Subsection (e) is hereby added to Section 1 of Act No. 168 of June 30, 1968, as amended, to read as follows:

“Section 1.- Any natural or juridical person who, upon compliance with the formalities of this Act, engages in the operation of a hospital unit, as said term is hereinafter defined, may enjoy for a period of ten (10) years the following benefits:

(a) ...

(e) Extension of Credits and Exemptions.-

(1) Extension for 2005: Natural or juridical persons engaged in the operation of a hospital unit that, as of January 1st, 2005, have availed themselves of the benefits provided in this Act, may continue to do so for an additional term of ten (10) years once the current exemption ends. This additional ten (10)-year period shall take effect as of the date in which the application for such purposes is filed with the Secretary of the Treasury.

Those natural or juridical persons engaged in the operation of a hospital unit, but whose benefits expired prior to January 1st, 2005, may avail themselves of the benefits for an additional ten (10) year-period, upon filing an application to such effects with the Secretary of the Treasury not later than

January 31st, 2006, and if all other requirements of this Act are met. This additional ten (10)-year period shall take effect for the taxable years beginning after December 31st, 2004.

The ten (10)-year period shall only be granted to natural or juridical persons that are up to date with the tax responsibilities imposed by any applicable law of the Commonwealth of Puerto Rico or municipal ordinance, or that are up to date with the tax payment plan of which they have availed themselves. This extension shall also be contingent on natural or judicial persons being up to date and compliant with their tax responsibilities.

(2) Extension as of January 1st, 2015: Natural or juridical persons engaged in the operation of a hospital unit that, as of January 1st, 2015, have availed themselves of the tax exemption benefits provided in this Act, may continue to do so for an additional term of ten (10) years once the current exemption expires, subject to the provisions of this subsection (2). This additional ten (10)-year period shall take effect as of the date in which the application for such purposes is filed with the Secretary of Health.

Those natural or juridical persons engaged in the operation of a hospital unit and whose benefits expired prior to January 1st, 2015, may avail themselves of the benefits for an additional ten (10)-year period upon filing an application to such effect with the Secretary of Health not later than January 31st, 2016, and if all other requirements of this Act are met. This additional ten (10)-year period shall take effect for taxable years beginning after December 31st, 2014.

In both cases, the ten (10)-year period shall only be granted to natural or juridical persons engaged in the operation of a hospital unit that:

(A) are up to date with the tax responsibilities imposed by any applicable laws of the Commonwealth of Puerto Rico or municipal ordinances, or who are up to date with the tax payment plan of which they have availed themselves;

(B) attest to their compliance with the governing principles established in Section 3 and Section 3-A of this Act;

(C) certify to the Department of Health through a sworn statement that they comply with the provisions of Regulation 7617 of November, 20, 2008, of the Office of the Patient; that they have not requested any patient to waive the right to bring potential causes of action or claims before state and federal courts; and that they have not approved institutional policies, guidelines, or regulations that may hinder or impair the patients' right to receive medical attention.

However, to promote an adequate transition to the provisions established in this subsection (2), hospital units shall be allowed to enjoy the tax benefits and incentives established herein without having to meet all the aforementioned requirements, solely during the period between January 1st, 2015, and December 31st, 2016. Nonetheless, they shall prove that they meet the requirements established in this subsection (2) as of January 1st, 2017, if they wish to avail themselves of the benefits of this Act for the remaining eight (8) years.

Natural or juridical persons that have availed themselves of the benefits of this Act shall file an annual certification with the Secretary of Health and the Secretary of the Treasury on or before the last day of their taxable year attesting that the facilities as well as the medical services rendered meet the standards of medical excellence. Any cost of inspection incurred by the Secretary of Health for the purpose of verifying the information supplied shall be reimbursed by every entity that has availed itself of the benefits of this Act.

Entities that have obtained or shall obtain a tax exemption under paragraph (4) of Section 1101 of the Puerto Rico Internal Revenue Code of 1994 shall maintain the full income tax exemption provided therein.”

Section 23.- Section 3 of Act No. 168 of June 30, 1968, as amended, is hereby amended, to read as follows:

“Section 3.- Benefits - Requirements.-

(a) ...

(b) ...

(c) Submits enclosed with the request mentioned in Section 4, an inventory of all real and personal property belonging thereto at the time the request is prepared in the form and manner determined by the Secretary of the Treasury.

(d) Submits to the Secretary of Health and the Secretary of the Treasury not later than the fifteenth (15th) day of the fourth (4th) month following the close of its taxable year, a written report enclosed with the corresponding updated financial statements, which clearly indicates the improvement and expansion of facilities and/or services, and any other information as determined through regulations by the Secretary of the Department of the Treasury in coordination with the agencies concerned.

(e) ...

(f) ...

(g) ...

(h) Submits to the Secretary of Health the certificates related to the health and the rights of patients, which shall be issued by the Office of the Patient Advocate, as well as any other information and verification required by Section 3-A.”

Section 24.- A new Section 3-A is hereby added to Act No. 168 of June 30, 1968, as amended, to read as follows:

Section 3-A.- Governing Principles for the Granting of Incentives.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Health and the Secretary thereof shall be required to oversee and ensure compliance with the following Governing Principles as provided below:

(a) Jobs.-

The hospital unit and the operators thereof shall promote the creation of new jobs.

(b) Commitment to Economic Activity.-

The hospital unit and the operators thereof shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation or expansion of the physical facilities thereof. If the purchase of said products cannot be financially justified when taking into account criteria such as the quality, quantity, price, or availability of these products in Puerto Rico, the Secretary of the Department of Health may issue a certificate attesting to such fact.

(c) Commitment to Agriculture.-

The hospital unit and the operators thereof shall acquire agricultural products of Puerto Rico for the operation thereof. If the purchase of said products cannot be financially justified when taking into account criteria such as the quality, quantity, price, or availability of these products in Puerto Rico, the Secretary of Health may issue a certificate attesting to such fact.

(d) Transfer of Knowledge.-

The hospital unit and the operators thereof shall acquire services from professionals or companies with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity, or skill or any

other valid reason recognized by the Secretary of Health, the hospital unit may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the service provider chosen by the hospital unit, in order to receive the requested services.

The term ‘services’ shall mean, solely, the contracting of jobs relating to:

- (1) surveying, the production of construction plans, as well as engineering and architectural designs, and related services;
 - (2) construction and all that pertains to this sector;
 - (3) financial, environmental, management, marketing, human resources, and auditing consulting services;
 - (4) advertising, public relations, commercial art, and graphic design services; and
 - (5) security or facility maintenance.
- (e) Financial Commitment.-

The hospital unit and the operators thereof shall submit proof that they use the services of, and that they deposit a significant amount of the income derived from their economic activity in, banking and/or cooperative institutions with a presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, the Secretary of Health may issue a certificate attesting to such fact.

The Secretary of the Department of Health shall be the official responsible firstly, for verifying and ensuring that the hospital unit and its operators meet the eligibility requirements established in this Section and this Act, except as otherwise provided.

If the hospital unit and the operators thereof partially meet the requirements established in this Section, the Secretary of the Department of Health shall be required to establish a formula, with the advice of the Secretary of the Treasury, that allows for the quantification of the aforementioned factors, and for the subtraction of the requirements that have not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Secretary of the Department of Health shall draft an annual report to be filed with the Governor and the Legislative Assembly, stating in detail with figures and statistics the oversight, impact, and compliance with the provisions of this Section and Section 3 of this Act.

The Governing Principles established in this Section shall apply to every hospital unit and the operators thereof that apply for any of the benefits awarded under this Act after January 1st, 2015.”

Section 25.- Section 4 of Act No. 168 of June 30, 1968, as amended, is hereby amended to read as follows:

“Section 4.- Granting.-

The Secretary of the Department of Health shall grant, upon examination and evaluation of the petition submitted by the interested party and in close collaboration and consultation with the Secretary of the Treasury, the benefits established in this Act to any natural or juridical person applying therefore, if he finds that the award thereof is necessary and convenient to enhance or modernize the hospital facilities and the medical services rendered to the community in general, while taking into account the provisions of Sections 3 and 3-A of this Act. Likewise, the Secretary of Health and the Secretary of the Treasury are hereby empowered to revoke any benefits awarded upon an administrative hearing, if they find that the requirements

and eligibility conditions of this Act and the regulations thereunder have not been met.”

Section 26.- Section 5 of Act No. 168 of June 30, 1968, as amended, is hereby amended to read as follows:

“Section 5.- Definitions.-

(a) Hospital Unit.- As used in this Act, the term ‘hospital unit’ includes only those natural and juridical persons, or a combination thereof, that begin operations or whose facilities are built after the effective date of this Act and shall mean:

(1) ...

(2) Extensions or expansions to the existing institution built within the premises of the hospital. In order for the extension or expansion to qualify, it shall be necessary that said extension or expansion entails a substantial investment leading to the improvement of the medical-hospital services, and the same shall be notified to the Secretary of Health, the Secretary of the Treasury, and the agencies concerned. In no case shall any hospital unit be considered as such if it operates without a license issued by the Department of Health.

(3) ...

(4) ...

(b) ...”

Section 27.- Section 6 of Act No. 168 of June 30, 1968, as amended, is hereby amended to read as follows:

“Section 6.- Subcontracting.-

The hospital facility shall be allowed to subcontract any high technology services for the diagnosis and/or treatment of human diseases that entails a substantial investment. Any contracted natural or juridical person may apply for the benefits provided in this Act; provided, that it is proven to the satisfaction of the

Secretary of Health and the Secretary of the Treasury, in accordance with the provisions of Sections 3 and 3-A, that such subcontracting is necessary and convenient to enhance the medical services offered by the hospital facility.

It shall be deemed to be necessary and convenient any subcontracting of high technology medical services for the diagnosis and/or treatment of human diseases that because of, but not limited to, the high cost of the equipment, technical personnel, and necessary facilities cannot be defrayed by the hospital facility.”

Section 28.- Section 9 of Act No. 168 of June 30, 1968, as amended, is hereby amended to read as follows:

“Section 9.- Transfer of Business.-

If any person transfers the hospital unit with respect to which he is enjoying the benefits under this Act, said transfer shall be notified to the Secretary of Health of Puerto Rico and to the Secretary of the Treasury, and the acquirer shall enjoy, if he continues rendering the same services, the benefits provided by this Act for the remainder of the exemption period; provided, that the Secretary of Health, in consultation with the Secretary of the Treasury, approves said transfer.”

Section 29.- Section 10 of Act No. 168 of June 30, 1968, as amended, is hereby amended to read as follows:

“Section 10.- Revocation.-

The Secretary of Health or the Secretary of the Treasury shall revoke the benefits granted by this Act if the hospital unit enjoying such benefits or any of its members defaults on a payment ninety (90) days after the assessment of any tax debt or deficit, including, but not limited to, income taxes, excise taxes, tax withholdings, payment for professional services, municipal license taxes, or construction excise taxes. Likewise, the Secretary of Health or the Secretary of the Treasury shall revoke the benefits granted by this Act in the event of a default on a tax payment plan that is not settled within ninety (90) days following the notice of such default.

Every revocation issued by the Secretary of Health or the Secretary of the Treasury shall take effect after the first day of the year in which the natural or juridical person that owes taxes, as determined by final and binding judgment, defaults on the payment plan.

None of the provisions herein shall prevent the Secretary of the Department of Health or the Secretary of the Treasury from revoking the benefits granted to any operator of a hospital unit who fails to comply or violates any of the provisions established in this Act while availing himself of the benefits granted by this Act.”

Section 30.- Section 11 of Act No. 168 of June 30, 1968, as amended, is hereby amended to read as follows:

“Section 11.- Duties of the Secretary, Certificate of Compliance, and Rulemaking Authority.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentive or benefit granted under this Act, the Department of Health and the Secretary thereof shall be required to oversee and ensure that the Requirements and Governing Principles set forth in Sections 3 and 3-A are met, and that all other provisions of this Act are complied with.

The Secretary of the Department of Health shall be responsible for verifying and ensuring that the hospital units and the operators thereof meet the requirements established in this Act, particularly those set forth in Sections 3 and 3-A. If the hospital unit and the operators thereof fail to meet one or more of the requirements established in Sections 3 and 3-A due to criteria such as quality, quantity, price, or availability in Puerto Rico, among other factors that, in the judgment of the Secretary of Health, hinder, impair, or prevent the successful operation of the incentivized activity within reasonable parameters, the Secretary of Health, in consultation with the Secretary of the Treasury, may issue a certificate attesting to such fact, exempting

the hospital unit and the operators thereof, in whole or in part, from meeting the requirement in question.

If the hospital unit and the operators thereof fail to fully meet the requirements of Sections 3 and 3-A, and fail to qualify for any of the exceptions to such provision, the Secretary of Health shall be responsible for establishing a formula, in consultation with the Secretary of the Treasury, that allows for the quantification of the factors set forth in said Sections, and for the subtraction of the requirement that has not been met from the total percentage of the specific benefit or incentive granted by this Act, in order to obtain the exact percentage of the benefit or incentive in question.

The Secretary of Health shall be required and responsible for preparing a Certificate of Compliance annually, once the hospital unit and the operators thereof validate, in the judgment of said official, that the hospital unit has met the requirements set forth in Sections 3 and 3-A, and complied with the other provisions of this Act. The Secretary of the Department of Health shall verify the information submitted by the hospital units and the operators thereof so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the hospital unit and the operators thereof: the name of the hospital unit, the cadastre number of the property or properties connected to the incentivized activity; the merchant registration number; the account connected to the incentivized activity as required in the 'Puerto Rico Internal Revenue Code of 2011'; the employer identification number; and the information required by Act No. 216-2014, better known as the 'Fiscal Information and Permit Control Act.'

The Certificate of Compliance shall be issued by the Secretary of Health through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established in this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary of Health to issue the Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established herein following the ordinary process. The filing of the Certificate of Compliance by the hospital unit and the operators thereof shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary of Health shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Secretary of Health should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center may deny any tax incentives

or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

The Secretary of Health is hereby empowered to promulgate, in close collaboration and consultation with the Secretary of the Treasury, any Rules and Regulations as are necessary to administer the provisions of this Act, in accordance with Act No. 170 of August 12, 1988, as amended, known as the ‘Uniform Administrative Procedures Act.’ Likewise, the Secretary of the Department of Health shall be responsible for publishing annually, in two (2) newspapers of general circulation in Puerto Rico, a list of the natural or juridical persons that have availed themselves of the provisions of this Act.”

Section 31.- Section 2 of Act No. 54 of June 21, 1971, as amended, is hereby amended, to read as follows:

“Section 2.-

The exemption herein provided shall be effective from the taxable year in which the Secretary of the Department of Agriculture and the Secretary of the Treasury are notified of the intent of availing themselves of the benefits of this Section. Said notice shall be filed in duplicate, and as a sworn statement, at least sixty (60) days prior to the close of the first taxable year for which the exemption is requested. The Secretary of the Department of Agriculture of the Commonwealth of Puerto Rico shall issue a Certificate of Compliance, as provided in Section 7 of this Act, attesting that the land where the operations shall be carried out and in relation

to which the tax exemption is requested under this Section were devoted to coffee growing and that it was withdrawn from said activity under the Integrated Development Program of the Coffee Zone in its diversification phase.

If for causes outside of his control and will such as wars, action of the government or of its elements, lack of demand, or any other act of God, the person exempt under this Section should temporarily cease his operations, he may, each time this occurs, upon notice to the Secretary of the Department of Agriculture and the Secretary of the Treasury before the close of his taxable year, waive the exemption for said particular year, in which case the exemption herein provided shall be extended for another additional year. In no case shall the exemption exceed ten (10) years.”

Section 32.- Section 3 of Act No. 54 of June 21, 1971, as amended, is hereby amended to read as follows:

“Section 3.-

If the person exempt under this Section should transfer his business, the acquirer shall, through notice to the Secretary of the Department of Agriculture and upon amendment to the Certificate of Compliance for such purpose, continue enjoying the exemption herein provided for the remainder of the exemption.”

Section 33.- Section 5 of Act No. 54 of June 21, 1971, as amended, is hereby amended, to read as follows:

“Section 5.-

Persons covered by the exemption herein provided shall keep in Puerto Rico an accounting system which clearly shows the gross income, expenses, losses, and other deductions in regard to its operation exempt hereunder. Such persons shall, further, include in their income tax returns as attachments, a written report with the appropriate financial statement also including the area and location of the cultivated land, number of employees, sum of annual payroll corresponding to the exempt

operations and any other data required by the Secretary of the Department of Agriculture and the Secretary of the Treasury through regulations.”

Section 34.- Section 7 of Act No. 54 of June 21, 1971, as amended, is hereby amended to read as follows:

“Section 7.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Secretary of the Department of Agriculture shall be required to oversee and ensure compliance with all the provisions of this Act. The Secretary of the Department of Agriculture shall be the official responsible, first and foremost, for verifying and ensuring that the exempt persons meet the eligibility requirements established in this Act. The Secretary of the Treasury may adopt regulations to achieve the purposes of this Section.

The Secretary of Agriculture shall be required and responsible for preparing a Certificate of Compliance annually, once the exempt persons validate, in the judgment of said official, that they have met the requirements of this Act. The Secretary of Agriculture shall verify the information submitted by exempt persons so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the exempt person: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

The Certificate of Compliance shall be issued by the Secretary of Agriculture through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the agencies, public corporations, and municipalities responsible for awarding benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives under this Act following the ordinary procedure. The filing of the Certificate of Compliance by an exempt person shall be an essential requirement for the agency, public corporation, or municipality to award the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary of the Department of Agriculture shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Secretary should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply said information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny

any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Department of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 35.- Section 3 of Act No. 47 of June 26, 1987, as amended, is hereby amended to read as follows:

“Section 3.- Creation, Purpose, and Governing Principles of the Program.-

The Public and Private Sector Copartnership for the New Housing Operation Program is hereby created...

It is the public policy of...

Benefits and economic or tax incentives...

In case that a housing project...

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Housing and the Secretary thereof shall be required to oversee and ensure compliance with the following Governing Principles, as provided below:

(a) Jobs.-

The incentivized housing project and the owner thereof shall promote the creation of new jobs.

(b) Sound Integration.-

The conceptual design and planning of the incentivized housing project shall be carried out, first of all, taking into account environmental, geographical, and physical aspects as well as the materials and goods that are abundantly available in

the site where it is to be developed. Safe development shall be ensured to prevent catastrophic damages caused by potential natural disasters.

(c) Commitment to the Economic Activity.-

The incentivized housing project and the owner thereof shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation, or extension of the incentivized housing project for some or all of the types of materials used in the construction or rehabilitation of housing, as specified by the Secretary. If the purchase of said products is not financially justified when taking into account criteria such as quality, quantity, price, or availability of these products in Puerto Rico, or insofar as the Secretary determines that it can be accredited through an energy efficient or green building certification, the Secretary of the Department of Housing may issue a certificate attesting to such fact.

(d) Commitment to Agriculture and the Environment.-

The incentivized housing project and the owner thereof shall not affect and/or mitigate any adverse effect that the operation thereof may have on land of high agricultural significance. The Secretary of the Department of Housing shall evaluate the particularities of each case and may issue a certificate attesting to such fact.

(e) Transfer of Knowledge.-

The incentivized housing project and the owner thereof shall acquire services from professionals or companies with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity, or skill, or any other valid reason recognized by the Secretary of Housing, the owner of the incentivized housing project may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the

service provider chosen by the owner of the incentivized housing project, in order to receive the requested services.

The term ‘services’ shall mean, but the list below shall not be construed as limiting the Secretary of Housing to include others by regulations, as the contracting of jobs related to:

- (1) surveying, the production of construction plans, as well as engineering and architectural designs, and related services;
 - (2) construction and all that pertains to this sector;
 - (3) financial, environmental, technological, scientific, management, marketing, human resources, and auditing consulting services;
 - (4) advertising, public relations, commercial art, and graphic design services; and
 - (5) security or facility maintenance.
- (f) Financial Commitment.-

The incentivized housing project and the owner thereof shall submit proof that they use the services of, and that they deposit a significant amount of the income derived from their economic activity in, banking and/or cooperative institutions with presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, or if federal funding, subsidies, or grants have been awarded the Secretary of Housing may issue a certificate attesting to such fact.

The Secretary of Housing shall be the sole official responsible for verifying and ensuring that the incentivized housing projects and the owners thereof meet the eligibility requirements established in this Section and in this Act.

If the incentivized housing project and the owner thereof partially meet the requirements established in this Section, the Secretary of Housing shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Governing Principles established in this Section shall apply to every new incentivized housing project that applies for any of the benefits granted under this Act after December 1st, 2015. However, the provisions of this Section shall apply to any request made by any incentivized housing project or owner thereof that has not been signed and completed prior to the aforementioned date.”

Section 36.- Section 4 of Act No. 47 of June 26, 1987, as amended, is hereby amended to read as follows;

“Section 4.- Income Derived from the Sale of Housing.-

The income earned by an owner of a newly-built or rehabilitated affordable housing project from the sale thereof shall be exempt from the payment of income taxes, provided that:

(a) The construction or rehabilitation of the housing units for sale has begun after the effective date of this Act and before December 31st, 2018.

(b) ...”

Section 37.- Section 5 of Act No. 47 of June 26, 1987, as amended, is hereby amended to read as follows:

“Section 5.- Income Derived from the Lease of Housing.-

There shall be exempt from income taxes, the income earned by the owner of a multi-family affordable housing project destined to be leased as well as up to ten percent (10%) of the yield on the capital invested in the acquisition and construction or rehabilitation of the property, provided that:

(a) ...

(e) The construction or rehabilitation of the housing units to which said income is attributable began after the approval of this Act and before December 31st, 2018.

The income tax exemption granted under this Section may be claimed by the owner to the Secretary of Treasury and the Secretary of Housing, as long as the housing units are occupied by low- or moderate-income persons and for a term not to exceed fifteen (15) years, counted as of the date of approval of the tax exemption.”

Section 38.- Section 7 of Act No. 47 of June 26, 1987, as amended, is hereby amended to read as follows:

“Section 7.- Procedure and Conditions for Exemption.-

Any owner who builds or rehabilitates affordable housing to be sold or leased to low- or moderate-income persons and middle class housing to be sold to middle class persons, and who wishes to avail himself of the tax exemptions established in Sections 4, 5, and 6 of this Act, as the case may be, shall file with the Secretary of the Department of Housing an application for exemption including the following information: the name of the business or company; the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required by the Puerto Rico Internal Revenue Code; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ in addition to any other documents and information required by regulations. The Secretary of the Department of Housing shall act on said application within sixty (60) days as of the filing date thereof. Any owner who requests to avail himself of the benefits of this Act shall be up to date in the payment of all taxes imposed by the laws of the Commonwealth of Puerto Rico, including those in which he acts as

withholding agent, and shall likewise keep up to date in the payment of such taxes for the time during which he enjoys the benefits granted under this Act.”

Section 39.- Section 8 of Act No. 47 of June 26, 1987, as amended, is hereby amended to read as follows:

“Section 8.- Sale of Public Lands for Affordable-and-Middle-Class Housing.-

The agencies of the Commonwealth of Puerto Rico including public corporations are hereby empowered to sell upon approval of the Planning Board, any land owned by them, or any interest therein, to natural or juridical persons and subject to the following conditions:

- (a) ...
- (b) ...
- (c) ...
- (d) ...
- (e) ...

Applicability.- Units that...

Government entities...

In each transaction for the sale of land, the Secretary of Housing, the Secretary of the Treasury, and the President of the Government Development Bank shall jointly ensure that an obligation is issued as subordinated to the difference between the appraised value and the agreed sales price. The purpose thereof is to guarantee that the deferred value shall return to the public treasury in the event of a subsequent profitable sale of the individual units, or the sale and exchange of one of the rental housing projects within the periods established by regulations, and that the construction activities of the housing projects to be developed begin after the approval of this Act and before December 31st, 2018.”

Section 40.- Section 10 of Act No. 47 of June 26, 1987, as amended, is hereby amended to read as follows:

“Section 10.- Duties of the Secretary of Housing, Certificate of Compliance, Rulemaking Authority, and Adoption of Specifications.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Housing and the Secretary thereof shall be required to oversee and ensure compliance with the Governing Principles set forth in Section 3, as well as with all other provisions of this Act.

The Secretary of the Department of Housing shall be responsible for verifying and ensuring that incentivized housing projects and the owners thereof meet the requirements established in this Act, particularly those set forth in Section 3. If the owner of an incentivized housing project fails to meet one or more of the requirements established in Section 3 due to criteria such as quality, quantity, price, or availability in Puerto Rico, among other factors that, in the judgment of the Secretary of Housing, hinder, impair, or prevent the successful operation of the housing project within reasonable parameters, the Secretary of Housing may issue a certificate attesting to such fact, exempting the owner of a housing project, in whole or in part, from meeting the requirement in question.

If the owner of an incentivized housing project fails to fully meet the requirements of Section 3, and fails to qualify for any of the exceptions to such provision, the Secretary of Housing shall be responsible for establishing a formula that allows for the quantification of the factors set forth in said Section, and for the subtraction of the requirement that has not been met from the total percentage of the specific benefit or incentive granted by this Act, in order to obtain the exact percentage of the benefit or incentive in question.

The Secretary of Housing shall be required and responsible for preparing a Certificate of Compliance annually, once the owners of incentivized housing projects validate, in the judgment of said official, that they have met the requirements set forth in Section 3 and complied with all other provisions of this Act. The Secretary of Housing shall verify the information submitted by the owners of incentivized housing projects so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the owner of the incentivized housing project: the name of the business or company, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Secretary of the Department of Housing through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the agencies, public corporations, and municipalities responsible for awarding benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting the benefits or incentives under this Act following the ordinary procedure. The filing of the Certificate of Compliance by the owner of the incentivized housing project shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the award of the benefits or incentives under this Act shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary of Housing shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Secretary should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the 'Puerto Rico Internal Revenue Code of 2011'; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

The Secretary of Housing, in conjunction with the Secretary of the Treasury and the President of the Government Development Bank for Puerto Rico shall prescribe by regulations the specifications and the sales price of the housing units pursuant to the provisions of Sections 2(g) and (h) of this Act, the schedules applicable to tax exemptions in accordance with the provisions of this Act, and the criteria, procedures, and documents to be required to determine whether the owner of a project qualifies to avail himself of the tax exemptions established in this Act.

Likewise, upon approval of the Governor of Puerto Rico, the Secretary of Housing, in conjunction with the Secretary of the Treasury and the President of the Government Development Bank for Puerto Rico shall adopt regulations to establish the terms and conditions under which the transactions for the sale of public lands authorized by this Act shall be conducted.

In all other cases, the Secretary of the Treasury and the President of the Government Development Bank shall be empowered to approve the regulations needed to enforce those aspects of this Act that are within their competence.”

Section 41.- A new Section 18 is hereby added to Act No. 148 of August 4, 1988, as amended, to read as follows:

“Section 18.- TIME TO CLAIM INCENTIVES, DEDUCTIONS, AND OTHER BENEFITS.-

Any of the incentives, deductions, and other benefits granted by virtue of Sections 5, 6, 7, 10, and 11 of this Act may be claimed for taxable years beginning before January 1st, 2015.”

Section 42.- Current Section 18 of Act No. 148 of August 4, 1988, as amended, is hereby renumbered as Section 19.

Section 43.- A new subsection (b) is hereby added and current subsections (b), (c), and (d) are hereby renumbered as (c), (d), and (e), respectively, in Section 3 of Act No. 52 of August 11, 1989, as amended, to read as follows:

“Section 3.- Authority and Duties of the Commissioner.-

(a) ...

(b) In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Commissioner of Financial Institutions shall be required to oversee and ensure compliance with all the provisions of this Act. The Commissioner shall be the official responsible for verifying and ensuring that international banking entities meet the eligibility requirements established in this Act.

The Commissioner shall be required and responsible for preparing a Certificate of Compliance annually, once the international banking entities validate, in the judgment of said official, that they meet the requirements of this Act. The Commissioner shall verify the information submitted by international banking entities annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding international banking entities: the name of the entity; the cadastre number of the property or properties connected to the entity; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

The Certificate of Compliance shall be issued by the Commissioner through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the agencies, public corporations, and municipalities responsible for awarding benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Commissioner to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives under this Act following the ordinary procedure. The filing of the Certificate of Compliance by an international banking entity shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of the Certificate of Compliance in effect, as provided in this Section. The Commissioner shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Commissioner should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or

benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

- (c) ...
- (d) ...
- (e) ...”

Section 44.- Section 2.03 of Act No. 83-1991, as amended, is hereby amended to read as follows:

“Section 2.03.- Exemptions for New Construction.-

The owners of newly built properties who operate the aforesaid under the provisions of Section 8 of the National Housing Act of 1974 (Public Law 93-383, 88 Stat. 659) are hereby exempt from the tax imposed by Sections 2.01 and 2.02 of this Title, corresponding to the taxable years following the approval of this Act, as long as they continue to operate under said provisions in order to provide subsidized rental housing to low- or moderate-income families when it is so certified by the Department of Housing of Puerto Rico.

Property owners who have acquired affordable housing projects from the Department of Housing to partially rehabilitate them and use them to provide subsidized rental housing to low- or moderate-income families under the Rental Assistance Program provided by Section 8 of the National Housing Act of 1974 (Public Law 93-383, 88 Stat. 659) are also exempt from the tax imposed by Sections 2.01 and 2.02 of this Title, as long as they continue to operate under said provisions

and it is so certified by the Department of Housing. This exemption shall apply to all acquisitions of affordable housing projects after fiscal year 1992-93.

In both instances, in addition to complying with the provisions of Section 8 of the National Housing Act of 1974 (Public Law 93-383, 88 Stat. 659) it shall be an essential requirement for the owners of these properties to comply with the Governing Principles established in Section 2 of Act No. 165-1996.

The Secretary of the Department of Housing shall issue a Certificate of Compliance which shall validate that the owners of the properties comply with the provisions of this Section, as well as with the Governing Principles set forth in Act No. 165-1996 and, therefore, qualify for the exemption provided herein. The filing of the Certificate of Compliance shall be an essential requirement to process the exemption provided herein.”

Section 45.- Section 5.01 of Act No. 83-1991, as amended, is hereby amended to read as follows:

“Section 5.01.- Property Exempt from Taxation..-

The following assets shall be exempt from the payment of all personal and real property taxes:

- (a) ...
- (b) ...
- (c) ...
- (d) ...
- (e) The real and personal property belonging to and registered in the name of any nonprofit corporation, institution, association, or entity organized under the laws of Puerto Rico, and devoted to religious, charitable, scientific, literary, educational, and recreational purposes, among others, as well as commercial leagues, chambers of commerce, civic leagues or organizations, boards of proprietors, tenant associations, employee associations, and any other nonprofit

organization in general, whose net earnings and profits do not benefit any shareholder or person in particular. The personal and real property used as parochial homes in which preachers, ministers, or priests live shall be exempt, as well as those used, in whole or in part, as Masonic and Oddfellow lodges, or as theosophic or psychic study centers or charitable centers.

However, in the event that a part of the property is not occupied by the organization or institution for its nonprofit purposes and ends, or that part of the property is leased and making a profit, the part of the property thus used shall be subject to taxation in the manner, within the term, and upon meeting the requirements provided by law. It shall be the responsibility of the nonprofit organized corporation, institution, association, or entity to prove that part of the property is not occupied by the organization or institution for its nonprofit purposes and ends, or that part of the property is not leased and making a profit, through a certificate issued by an authorized professional, in accordance with the provisions of Act No. 173 of August 12, 1988, as amended, known as the ‘Board of Examiners of Engineers, Architects, Surveyors, and Landscape Architects of Puerto Rico Act.’

(f) The property of every hospital, clinic, or polyclinic belonging to a religious institution, organization, association, foundation, or any other type of institution organized and engaged in the performance of medical-hospital activities for nonprofit purposes, including land, buildings, garages, annexes, housing for resident physicians, nurses and nursing students, in existence or to be built in the future as an integral and indispensable part of the physical facilities of said hospitals, clinics or polyclinics; also including all the equipment and personal property used in the operation and conduct of the medical-hospital activities thereof. The tax exemption granted under this subsection is contingent on strict compliance with the provisions of Sections 3 and 3-A of Act No. 168 of June 30, 1968, as amended, known as the ‘Hospital Facilities Tax Exemption Act.’

The right to the tax exemption granted in this subsection shall be exercised solely upon filing a Certificate of Compliance issued by the Secretary of the Treasury, as provided in Act No. 168 of June 30, 1968. Likewise, it shall be an essential requirement to enjoy the benefits of this Act that every institution remits any withholding tax in a timely manner, as provided in the Internal Revenue Code of Puerto Rico. In the event that any part of the personal or the real property is not used or occupied for its nonprofit ends and purposes, the hospital, clinic, or polyclinic belonging to a religious institution, organization, association, foundation, or any other type of nonprofit institution organized and engaged in medical-hospital activities, or that part of the personal or real property is leased or making a profit, the part of said property not used or occupied for its nonprofit purposes or that is leased shall be subject to taxation in the manner, within the term, and upon meeting the requirements provided by law. It shall be the responsibility of the hospital, clinic, or polyclinic belonging to a religious institution, organization, association, foundation, or any other type of institution organized and engaged in medical-hospital activities to prove that part of the property is not occupied by the organization or institution for its nonprofit purposes and ends, or that part of the property is not leased and making a profit, through a certification issued by an authorized professional in accordance with the provisions of Act No. 173 of August 12, 1988, as amended, known as the 'Board of Examiners of Engineers, Architects, Surveyor, and Landscape Architects of Puerto Rico Act.'

(g) Real and personal property belonging to every nonprofit association organized under the laws of Puerto Rico for the purpose of selling prepaid programs or plans for medical and hospital services; provided, that it meets the requirements of Act No. 142 of May 9, 1942, as amended, and for which a valid Certificate of Compliance issued by the Insurance Commissioner of Puerto Rico has been filed. In the event that a part of the property is not occupied by the association for its nonprofit

ends and purposes, or that part of the property is leased and making a profit, the part of the property thus used shall be subject to taxation in the manner, within the term, and upon meeting the requirements provided by law. It shall be the responsibility of the nonprofit partnership to prove that part of the property is not occupied by the association for its nonprofit purposes and ends, or that part of the property is not leased and making a profit, through a certification issued by an authorized professional in accordance with the provisions of Act No. 173 of August 12, 1988, as amended, known as the ‘Board of Examiners of Engineers, Architects, Surveyor, and Landscape Architects of Puerto Rico Act.’

(h) ...

(i) ...

(j) ...

(k) Private property of artisan workshops when they are directly operated by the artisan in the practice of his craft even though they may be available to more than one artisan. The artisan shall file a valid Certificate of Compliance issued by the Institute of Puerto Rican Culture solely for the exemption provided herein.

(l) ...

(m) ...

(n) ...

(o) ...

(p) ...

(q) Machinery and Equipment Used in Puerto Rico for:

(1) ...

(2) ...

(3) The control, reduction, or prevention of environmental pollution caused by a cement production plant having a Certificate of Compliance issued by the Environmental Quality Board to such effect.

(r) Reserved.

(s) Any solar-powered material, equipment or accessory and renewable energy collection, storage, generation, distribution, and application equipment introduced to or manufactured in Puerto Rico, as such equipment is defined in Sections 2 and 3 of Act No. 325-2004.

Likewise, solar power generation equipment, including accessories and parts as long as they are necessary to achieve said purpose. In order to qualify for this exemption, the distributor or manufacturer shall file a valid Certificate of Compliance issued by the Commonwealth Energy Public Policy Office stating that the solar power equipment, or the accessories and parts thereof meet the standards and specifications established by the aforementioned Office, and that they have a five (5)-year warranty or longer.

(t) ...

(u) Properties built or under construction as of the effective date of this Act, and which are devoted to the rental housing market pursuant to the following rules:

(1) ...

(2) ...

(3) ...

(4) the Secretary of Housing of the Commonwealth shall issue a Certificate of Compliance certifying it as affordable housing under the Section 515 or 521 Program of the Farmer's Home Administration once he receives documentation to that effect from that federal agency. The tax exemption provided herein shall only be granted if the appropriate and valid Certificate of Compliance is filed.

(v) ...

(w) Intangible personal property including good will, privilege rights, trademarks, grants, franchises, value of contracts, timeshare or vacation club rights created pursuant to the provisions of Act No. 252-1995, patents, inventions, formulas, processes, designs, patterns, special technical know-how, methods, programs, systems, procedures, campaigns, surveys, studies, forecasts, estimates, client listings, technical information and any other of a like or similar nature. In the particular case of timeshares or vacation clubs created according to the provisions of Act No. 252-1995, the tax exemption provided herein shall only be granted upon the filing of a valid Certificate of Compliance issued by the Executive Director of the Puerto Rico Tourism Company.

(x) Real property located in historic zones declared as such by the Puerto Rico Planning Board or by the Institute of Puerto Rican Culture pursuant to legislation in effect. The tax exemption provided herein shall only be granted upon the filing of a valid Certificate of Compliance issued by the corresponding agency, as the case may be.

(y) ...

(z) ...

(aa) ...

(bb) ...

(cc) ...

(dd) ...

(ee) ...

(ff) ...

Any action taken by the Executive Director of the Municipal Revenues Collection Center (CRIM, Spanish acronym), or any other official concerned, in connection with the qualification process for the award of any benefits under this Section shall be limited to the granting of the benefit in question, upon the issuance

of a valid Certificate of Compliance in question. The valid Certificate of Compliance shall be available in the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico. Any person interested in availing himself of the benefits provided herein shall be responsible for applying for the Certificate of Compliance with the agencies, public corporations, and/or municipalities concerned with said Certificate and to ensure that the same is available in the Portal. The filing of the Certificate of Compliance by the interested person shall be an essential requirement for the Municipal Revenues Collection Center (CRIM) or any other official concerned with any of the benefits granted by virtue of this Section to grant the benefit or incentive provided for in this Act. The agency or entity concerned with the issuance of the Certificate of Compliance shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, if the Executive Director of the Municipal Revenues Collection Center (CRIM) believes that additional information is required to validate the data on the Certificate of Compliance he may request the applicant to supply such information. The Executive Director shall not be required to validate or grant the tax incentive or benefit requested if, in his judgment, the information has not been supplied.”

Section 46.- Section 5.43 of Act No. 83-1991, as amended, is hereby amended to read as follows:

“Section 5.43.- Exemption for Lands Under Intensive Agricultural Use, and Governing Principles for the Granting of Incentives

Sections 5.43 to 5.51 of this Title shall apply to the exemption of any property taxes on lands under intensive agricultural use; provided, that the provisions of this Act are complied with.

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentive or benefit granted under Sections 5.43 to 5.51 of this Title, the

Department of Agriculture of Puerto Rico and the Secretary thereof shall be required to oversee and ensure compliance with the following Governing Principles as provided below:

(a) Jobs.-

The incentivized activity and the agricultural business shall promote the creation of new jobs.

(b) Proof of Sale of the Agricultural Harvest.-

The incentivized activity and the agricultural business shall show, in the judgment of the Secretary of Agriculture, that the agricultural product that led to the granting of the incentive has been sowed, harvested, and sold.

(c) Sound Integration.-

The conceptual design and planning of the incentivized activity and the agricultural business shall be carried out, first of all, taking into account environmental, geographical, and physical aspects, as well as the materials and goods that are abundantly available in the site where it is to be developed.

(d) Commitment to Economic Activity.-

The incentivized activity and the agricultural business shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation or expansion of the physical facilities thereof, as the case may be. If the purchase of said products cannot be financially justified when taking into account criteria such as the quality, quantity, price, or availability of these products in Puerto Rico, the Secretary of Agriculture may issue a certificate attesting to such fact.

(e) Transfer of Knowledge.-

The incentivized activity and the agricultural business shall acquire services from professionals or enterprises with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience,

specificity, or skill, or any other valid reason recognized by the Secretary of Agriculture, the agricultural business may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the service provider chosen by the agricultural business, in order to receive the requested services.

The term ‘Services’ shall mean, but the list below shall not be construed as limiting the Secretary of Agriculture to include others by regulations, as the contracting of jobs related to:

- (1) surveying, the production of construction plans, as well as engineering and architectural designs, and related services;
 - (2) construction and all that pertains to this sector;
 - (3) financial, environmental, technological, scientific, management, marketing, human resources, and auditing consulting services;
 - (4) advertising, public relations, commercial art, and graphic design services; and
 - (5) security, or facility maintenance.
- (f) Financial Commitment.-

The incentivized activity and the agricultural business shall submit proof that they use the services of, and that they deposit a significant amount of the income derived from their economic activity in, banking and/or cooperative institutions with a presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, the Secretary of Agriculture may issue a certificate attesting to such fact.

The Secretary of Agriculture shall be the official responsible, first and foremost, for verifying and ensuring that the agricultural businesses meet the eligibility requirements established in this Section and in this Title.

If the lands under intensive agricultural use and the farmer partially meet the requirements established in this Section, the Secretary of Agriculture shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Secretary of Agriculture shall draft an annual report to be filed with the Governor and the Legislative Assembly, stating in detail with figures and statistics the oversight, impact, and compliance with the provisions of this Section.

The Governing Principles set forth herein shall apply to all lands under intensive agricultural use and farmers that apply for any of the benefits granted under this Act as of December 1st, 2015. However, the provisions of this Section shall apply to any request for renegotiation made by any lands under intensive agricultural use and the farmer thereof that has not been signed and completed prior to the aforementioned date.”

Section 47.- Section 5.48 of Act No. 83-1991, as amended, is hereby amended to read as follows:

“Section 5.48.- Filing of the Official Form; Compliance with Requirements

The right to the tax exemption granted by Sections 5.43 to 5.51 of this Title must be exercised by filing with the Department of Agriculture the official form provided by such Department. It shall be an essential requirement for granting the annual tax exemption established herein, that the Secretary of Agriculture certifies on said form that the applicant meets all the requirements established by the

Department of Agriculture through regulations and that he is a *bona fide* farmer pursuant to the regulatory provisions adopted by the Secretary of Agriculture for such a purpose.

The exemption granted herein...

When the crop is abandoned..."

Section 48.- Section 5.50 of Act No. 83-1991, as amended, is hereby amended to read as follows:

"Section 5.50.- Duties of the Secretary of the Department of Agriculture; Certificate of Compliance; Coordination Between the Secretary of Agriculture and the Collection Center.

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Agriculture of Puerto Rico and the Secretary thereof shall be required to oversee and ensure compliance with the Governing Principles set forth in Section 5.43, as well as with all other provisions of this Act.

The Secretary of Agriculture shall be responsible for verifying and ensuring that agricultural businesses meet the requirements established in this Act, particularly those set forth in Section 5.43. If the agricultural business fails to meet one or more of the requirements established in Section 5.43 due to criteria such as quality, quantity, price, or availability in Puerto Rico, among other criteria that, in the judgment of the Secretary of Agriculture, hinder, impair, or prevent the successful operation of the incentivized activity within reasonable parameters, the Secretary of Agriculture may issue a certificate attesting to such fact, exempting the agricultural business, in whole or in part, from meeting the requirement in question.

If the agricultural business fails to fully meet the requirements of Section 5.43, and fails to qualify for any of the exceptions to such provision, the Secretary of Agriculture shall be responsible for establishing a formula that allows for the quantification of the factors set forth in said Section, and for the subtraction of the requirement that has not been met from the total percentage of the specific benefit or incentive granted by this Act, in order to obtain the exact percentage of the benefit or incentive in question.

The Secretary of Agriculture shall be required and responsible for preparing a Certificate of Compliance annually, stating that the farmer is engaged in the exploitation or operation of an activity that qualifies as land under intensive agricultural use once the agricultural business validates, in the judgment of said official, that it has met the requirements set forth in Section 5.43, as well as all other provisions of this Act. The Secretary of Agriculture shall verify the information submitted by farmers annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the agricultural business: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

The Certificate of Compliance shall be issued by the Secretary of Agriculture through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the Municipal Revenues Collection Center (CRIM) for the purpose of granting the benefits or incentives established in

this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives under this Act following the ordinary procedure. The filing of the Certificate of Compliance by a farmer shall be an essential requirement for the Municipal Revenues Collection Center (CRIM) to grant the benefit or incentive provided for in this Act.

Actions taken by the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary of Agriculture shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, if the Executive Director of the Municipal Revenues Collection Center (CRIM) believes that additional information is required to validate the data on the Certificate of Compliance, he may request the applicant to supply such information. The Executive Director shall not be required to validate or grant the requested tax incentive or benefit if, in his judgment, the information requested has not been supplied.”

Section 49.- Section 16 of Act No. 124-1993, as amended, is hereby amended to read as follows:

“Section 16.- *Mi Casa Propia* Program.-

The resources to finance the *Mi Casa Propia* Program created by virtue of this Act shall originate from an annual budget appropriation of five million dollars (\$5,000,000) to the Department of Housing which shall be transferred solely to the Puerto Rico Housing Finance Authority to achieve the objectives and purposes of

this Section. They may also originate, in whole or in part, from the savings generated by the refinancing of the bonds issued in 1986 by the former Bank and Housing Financing Agency of Puerto Rico, now known as the Puerto Rico Housing Finance Authority, to meet the obligation of subsidy pre-payment pursuant to Act No. 115 of July 11, 1986, as amended, and obligations incurred under the Provisional Financing Insurance Program.

For each fiscal year, the Secretary of Housing, in coordination with the Executive Director of the Housing Finance Authority shall include the aforementioned budget appropriation as part of the Housing Finance Authority budget request. Said budget request shall enclose a cost-effectiveness analysis that includes, among its areas of study, the net fiscal and financial impact that the data provided or validated by the pertinent authorities show regarding the housing construction costs, the supply and demand, and need for housing in Puerto Rico.

The Puerto Rico Housing Finance Authority and the Department of Housing are hereby authorized to use any surplus of the funds appropriated from the General Fund for the different stages of the Affordable Housing Subsidy Program created by this Act and administered by the Housing Finance Authority, and from any other program with funds available to assist individuals or Puerto Rican families that comply with the terms established by the Authority through regulations.

The maximum value of the housing unit to be acquired shall not exceed the sales price of two hundred thousand dollars (\$200,000). These housing units may be located in housing development projects or may be individual units located in any municipality in Puerto Rico. In the case of newly-built or rehabilitated properties located in urban centers, the maximum sales price shall be two hundred ninety-nine thousand dollars (\$299,000). It shall be understood that the properties located in the urban centers include those located within the perimeters and delimited areas which are defined as such in Act No. 212-2002, as amended, known as the 'Urban Centers

Revitalization Act,’ as well as those properties located within the perimeters and areas delimited under Act No. 148 of August 4, 1988, as amended, known as the ‘Special Act for the Rehabilitation of Santurce’; Act No. 14-1996, as amended, known as the ‘Special Act for the Development of Castañer’; and Act No.178-2000, as amended, known as the ‘Special Act for the Creation of the Santurce Theater District.’ The Secretary shall determine which additional areas shall be included as part of the urban centers, using as guidelines the parameters provided in the aforementioned laws. The Secretary shall certify which properties are located in an urban center as defined in this Act.

The Housing Finance Authority Board shall adopt procedures as are necessary and consistent with the purposes of this Act, and is hereby empowered to create the *Mi Casa Propia* Program to be administered by the Puerto Rico Housing Finance Authority as a program separate from the Affordable Housing Subsidy Program, and to establish the amount applicable to the down payment or to expenses directly related to the purchase of a housing unit to help low- and moderate-income persons.

The surplus from the subsidies mentioned in this Act, as well as the surplus and funds available from all programs administered and/or under the custody of the Housing Finance Authority shall also be used to finance the *Mi Casa Propia* Program up to the amount needed to cover the valid applications submitted thereto.

Persons who have not availed themselves of the benefits provided by similar programs in the past may be eligible to participate in this Program unless the Executive Director of the Housing Finance Authority otherwise authorizes it so that they may avail themselves of the subsidy provided by the Program, without impairing any other requirements established by this Act or by regulations, and avoiding any involvement of the speculative market for purposes other than those established in this Act.

For purposes of acquisition under the *Mi Casa Propia* Program created by this Act, ‘eligible housing’ shall include houses which are already built and those which are purchased prefabricated whose sales price does not exceed two hundred thousand dollars (\$200,000); home construction loans in an amount not to exceed two hundred thousand dollars (\$200,000); and newly-built or rehabilitated housing units located in urban centers whose maximum sales price does not exceed two hundred ninety-nine thousand dollars (\$299,000). It shall be understood that the properties located in urban centers are those located within delimited perimeters and areas as such term is defined in Act No. 212-2002, as amended, known as the ‘Urban Centers Revitalization Act’; as well as those areas which are located within delimited perimeters and areas as provided in Act No. 148 of August, 4, 1988, as amended, known as the ‘Special Act for the Rehabilitation of Santurce’; Act No. 14-1996 as amended, known as the ‘Special Act for the Development of Castañer’; and Act No. 75-1995, as amended, known as the ‘Special Act for the Rehabilitation of Rio Piedras.’ The Secretary shall use the parameters established in the aforementioned laws as a guide to certify that the property is located in an urban center as defined in this Act.

The Housing Finance Authority Board and the Executive Director of the Housing Finance Authority shall prescribe by regulations the eligibility criteria, an administrative fee for the use of the program to be collected by the seller, of one point five percent (1.5%) of the sales or appraised value, whichever is less, up to a maximum of one thousand five hundred dollars (\$1,500), and other conditions in order to guarantee that housing units are adequate to become homes for Program participants. Said regulations shall be consistent with the Statement of Motives and the public policy of this Act broadening the participation of and benefits for the citizenry in any circumstances.

The *Mi Casa Propia* Program shall consist of a subsidized contribution of up to three percent (3%) of the sales price or appraised value, whichever is less, of the existing qualified housing unit, or a new structure whose sales price or appraised value does not exceed two hundred thousand dollars (\$200,000), under the parameters established in this Act or the pertinent regulations, up to a maximum of four thousand dollars (\$4,000). Likewise, the Program shall consist of a subsidized contribution of up to five percent (5%) of the sales price or appraised value, whichever is less, of the newly-built housing, prefabricated housing, the home construction loan, or rehabilitated housing located in urban centers that qualifies under the parameters established in this Act or the pertinent regulations, up to a maximum of six thousand dollars (\$6,000). The price adopted for purposes of the preceding parameter shall be known as the fair value.

Funds appropriated to the Program shall be used in a proportion of fifty percent (50%) for existing housing, and the other fifty percent (50%) for newly-built housing. In the case of rehabilitated or newly built housing units located in urban centers, as well as home construction loans and prefabricated housing, these shall be considered as newly-built housing. The caps for these appropriations shall be assessed each month based on the projections and revenues received by the Program. If, before the end of every month, the balance of the funds for the newly-built or existing housing units is zero (0) and the balance of the other item exceeds five hundred thousand dollars (\$500,000), the Housing Finance Authority may transfer the excess funds over the aforementioned amount to the item whose balance is zero (0). The Authority shall always ensure that the fund from which the resources are transferred maintains at all times a minimum balance of five hundred thousand dollars (\$500,000).

The Executive Director of the Housing Finance Authority is hereby authorized to establish the effective term of the program through circular letter.”

Section 50.- A new Section 2-A is hereby added to Act No. 225-1995, as amended, to read as follows:

“Section 2-A.- Governing Principles for the Granting of Incentives.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Agriculture of Puerto Rico and the Secretary thereof shall be required to oversee and ensure compliance with the following Governing Principles as provided below:

(a) Jobs.-

The incentivized activity and the agricultural business shall promote the creation of new jobs.

(b) Proof of Sale of the Agricultural Harvest.-

The incentivized activity and the agricultural business shall show, in the judgment of the Secretary of the Department of Agriculture that they sowed, harvested, fed, raised, processed, and took any other related actions, as the case may be, in accordance with the provisions of subsection (b) of Section 3 of this Act, and that they have sold the agricultural product that led to the granting of the incentive.

(c) Sound Integration.-

The conceptual design and planning of the incentivized activity and the agricultural business shall be carried out, first of all, taking into account environmental, geographical, and physical aspects, as well as the materials and goods that are abundantly available in the site where it is to be developed.

(d) Commitment to Economic Activity.-

The incentivized activity and the agricultural business shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation or expansion of the physical facilities thereof. If the

purchase of said products is not financially justified when taking into account criteria such as quality, quantity, price, and availability of these products in Puerto Rico, the Secretary of Agriculture may issue a certificate attesting to such fact.

(e) Transfer of Knowledge.-

The incentivized activity and the agricultural business shall acquire services from professionals or companies with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity, or skill, or any other valid reason recognized by the Secretary of Agriculture, the agricultural business may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the service provider chosen by the agricultural business, in order to receive the requested services.

The term ‘services’ shall mean, but the list below shall not be construed as limiting the Secretary of Agriculture to include other services by regulations, the contracting of jobs related to:

- (1) surveying, the production of construction plans, as well as engineering and architectural designs, and related services;
- (2) construction and all that pertains to this sector;
- (3) financial, environmental, technological, scientific, management, marketing, human resources, information technology, and auditing consulting services;
- (4) advertising, public relations, commercial art, and graphic design services; and
- (5) security or facility maintenance.

(f) Financial Commitment.-

The incentivized activity and the agricultural business shall submit proof that they use the services of, and that they deposit a significant amount of the income derived from their economic activity in, banking and/or cooperative

institutions with a presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, the Secretary of Agriculture may issue a certificate attesting to such fact.

The Secretary of Agriculture shall be the sole official responsible for verifying and ensuring that agricultural businesses meet the eligibility requirements established in this Section and in this Act.

If the agricultural business partially meets the requirements established in this Section, the Secretary of Agriculture shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Secretary of Agriculture shall draft an annual report to be filed with the Governor and the Legislative Assembly, stating in detail with figures and statistics the oversight, impact, and compliance with the provisions of this Section.

The Governing Principles established herein shall apply to every incentivized activity, agricultural business, *bona fide* farmers, and new farmers or agricultural entrepreneurs as established in Section 6 of this Act that applies for any of the benefits granted under this Act after December 1st, 2015. However, the provisions of this Section shall apply to any request for renegotiation made by any of the above mentioned agricultural businesses that has not been signed and completed prior to the aforementioned date.”

Section 51.- Section 4 of Act No. 225-1995, as amended, is hereby amended, to read as follows:

“Section 4.- Rulemaking Authority.-

The Secretary of Agriculture, with the advice of the Secretary of the Treasury, shall adopt regulations as are necessary for the implementation and oversight of this Act.”

Section 52.- Section 5 of Act No. 225-1995, as amended, is hereby amended to read as follows:

“Section 5.-

Duties of the Secretary of the Department of Agriculture, Certificate of Compliance.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Agriculture and the Secretary thereof shall be required to oversee and ensure compliance with the Governing Principles set forth in Section 2-A, as well as with all other provisions of this Act.

The Secretary of Agriculture shall be responsible for verifying and ensuring that agricultural businesses meet the requirements established in this Act, particularly those set forth in Section 2-A. If the agricultural business fails to meet one or more of the requirements established in Section 2-A due to criteria such as quality, quantity, price, or availability in Puerto Rico, among other criteria that, in the judgment of the Secretary of Agriculture hinder, impair, or prevent the successful operation of the incentivized activity within reasonable parameters, the Secretary of Agriculture may issue a certificate attesting to such fact, exempting the agricultural business, in whole or in part, from meeting the requirement in question.

If the agricultural business fails to fully meet the requirements of Section 2-A, and fails to qualify for any of the exceptions to such provision, the Secretary of Agriculture shall be responsible for establishing a formula that allows for the quantification of the factors set forth in said Section, and for the subtraction of the requirement that has not been met from the total percentage of the specific benefit or incentive granted by this Act, in order to obtain the exact percentage of the benefit or incentive in question.

The Secretary of the Department of Agriculture shall be required and responsible for preparing a Certificate of Compliance annually, once the agricultural businesses validate, in the judgment of said official, that they have met the requirements set forth in Section 2-A, and complied with all other provisions of this Act. The Certificate shall state that the *bona fide* farmer is engaged in the exploitation or operation of an activity that qualifies as an agricultural business. The Secretary of Agriculture shall verify the information submitted by agricultural businesses annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the agricultural business: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Secretary of the Department of Agriculture through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the agencies, public corporations and municipalities responsible for awarding the benefits or incentives established in this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established in this Act following the ordinary procedure. The filing of the Certificate of Compliance by an agricultural business shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned in connection with the qualification process for the granting of the benefits or incentives under this Act shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary of Agriculture shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and Secretary should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or

benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’, and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 53.- Section 7 of Act No. 225-1995, as amended, is hereby amended to read as follows:

“Section 7.- Excises.-

(a) ...

(b) Any *bona fide* farmer who wishes to avail himself of the exemptions listed in this Section shall comply with the *bona fide* farmer provisions established by the Secretary of Agriculture and the Secretary of the Treasury, and submit a sworn statement to the Secretary of the Treasury certifying that he is engaged in the exploitation or operation of an agricultural business, and that the item for which he is requesting an exemption shall be used to operate and develop said business.

The sworn statement shall be submitted on the form provided by the Secretary of the Treasury to such effect. In addition to any other information deemed pertinent by the Secretary of the Treasury, such statement shall include the exact address of the business, personal data of the applicant and the main product or commodity to which the business is devoted, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’ Should it be

determined that the information submitted by the applicant was fraudulent or false, in addition to denying the exemption, the applicant shall be subject to any penalties for perjury established in Section 269 of Act No. 146-2012, as amended, known as the 'Penal Code of Puerto Rico.'

New farmers or agricultural entrepreneurs shall be governed by the provisions of Section 6 of this Act.”

Section 54.- A new Section 19 is hereby added to Act No. 14-1996, as amended, to read as follows:

“Section 19.- Time to Claim Incentives, Deductions, and Other Benefits.-

The incentives, deductions, and other benefits granted by virtue of Sections 6, 10, and 11 of this Act may be claimed during taxable years beginning before January 1st, 2015.”

Section 55.- Current Section 19 of Act No. 14-1996, as amended, is hereby renumbered as Section 20.

Section 56.- A new Section 2 is hereby added to Act No. 165-1996, as amended, to read as follows:

“Section 2.- Governing Principles for the Granting of Incentives.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentive or benefit granted under this Act, the Department of Housing and the Secretary thereof shall be required to oversee and ensure compliance with the Governing Principles stated below:

(a) Jobs.-

The incentivized rental housing project and the owner thereof shall promote the creation of new jobs.

(b) Sound and Safe Integration.-

The conceptual design and planning of the rental housing project shall be carried out, first of all, taking into account environmental, geographical, and physical aspects as well as the materials and goods that are abundantly available in the site where it is to be developed. Safe development shall be ensured to prevent catastrophic damages caused by potential natural disasters.

(c) Commitment to Economic Activity.-

The incentivized rental housing project and the owner thereof shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation, or expansion of the incentivized housing project, in all or in part of the items of materials used in the construction or rehabilitation of housing, as specified by the Secretary. If the purchase of said products cannot be financially justified when taking into account criteria such as the quality, quantity, price, or availability of these products in Puerto Rico, or if he determines it could be credited through an energy efficient or green building certification, the Secretary of Housing may issue a certificate attesting to such fact.

(d) Commitment to Agriculture and the Environment.-

The incentivized rental housing project and the owner thereof shall not affect and/or mitigate any adverse effect that the operation thereof may have on land of high agricultural and environmental significance. The Secretary of Housing shall evaluate the particularities of each case and may issue a certificate attesting to such fact.

(e) Transfer of Knowledge.-

The incentivized rental housing project and the owner thereof shall acquire services from professionals or companies with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity, or skill, or any other valid reason recognized by the Secretary of

Housing, the owner of the incentivized rental housing project may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the service provider chosen by the owner of the incentivized rental project, in order to receive the requested services.

The term ‘services’ shall mean, but the list below shall not be construed as limiting the Secretary of Housing to include others by regulations, the contracting of jobs related to:

(1) surveying, the production of construction plans, as well as engineering and architectural designs, and related services;

(2) construction and all that pertains to this sector;

(3) financial, environmental, technological, scientific, management, marketing, human resources, information technology, and auditing consulting services;

(4) advertising, public relations, commercial art, and graphic design services; and

(5) security or facility maintenance.

(f) Financial Commitment.-

The incentivized rental housing project and the owner thereof shall submit proof that they use the services of, and that they deposit a significant amount of the income derived from their economic activity in, banking and/or cooperative institutions with a presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, or when federal funds, subsidies, or grants have been awarded, the Secretary of Housing may issue a certificate attesting to such fact.

The Secretary of Housing shall be the sole official responsible for verifying and ensuring that the incentivized housing projects and the owners thereof meet the eligibility requirements established in this Section and in this Act.

If the incentivized rental housing project partially meets the requirements established in this Section, the Secretary of the Department of Housing shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Governing Principles established in this Section shall apply to every new incentivized rental housing project that applies for any of the benefits granted under this Act after December 1st, 2015. However, the provisions of this Section shall apply to any petition made by any incentivized rental housing project and the owner thereof that has not been signed and completed prior to the aforementioned date.”

Section 57.- Current Sections 2, 3, 4, 5, 6, and 7 are hereby renumbered as Sections 3, 4, 5, 6, 7, and 8, respectively, of Act No. 165-1996, as amended.

Section 58.- Subsection (d) of Section 4 of Act No. 165-1996, as amended, is hereby amended to read as follows:

“Section 4.- Exemptions for the Construction of Rental Housing.-

A ninety percent (90%)-exemption from the payment of income taxes, municipal licenses, construction excise taxes, and any other municipal tax or fee shall be granted to every housing construction or rehabilitation projects to be leased to elderly persons, provided that:

(a) ...

(d) the owner submits a certification from the Municipal Revenues Collection Center to the Secretary of the Department of Housing stating that upon completion of the project, the housing units did not have any tax lien or encumbrance.”

Section 59.- Subsection (a) of Section 6 of Act No. 165-1996, as amended, is hereby amended to read as follows:

“Section 6.- Requirements to Apply for an Exemption for a Housing Unit Lease.-

Every owner who builds or rehabilitates housing units to be leased to the elderly and wishes to avail himself of the tax exemptions established in Section 4 and 5 of this Act shall:

(a) File a tax exemption application with the Secretary of Housing and the Secretary of the Treasury including the following information: the name of the business or company, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ in addition to the documents and information required by regulations. The Secretary of the Department of Housing shall act on such application within sixty (60) days from the filing date thereof. Every owner who applies for the benefits of this Act shall be up to date in the payment of all taxes imposed by the laws of the Commonwealth of Puerto Rico, including those in which he acts as a withholding agent, and shall likewise keep current on the payment of such taxes for the term that he enjoys the benefits granted herein, and

(b) ...”

Section 60.- Section 7 of Act No. 165-1996, as amended, is hereby amended to read as follows:

“Section 7.- Duties of the Secretary of the Department of Housing, Certificate of Compliance, Rulemaking Authority.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Housing and Secretary thereof shall be required to oversee and ensure compliance with the Governing Principles set forth in Section 2, as well as with all other provisions of this Act.

The Secretary of Housing shall be responsible for verifying and ensuring that incentivized rental housing projects and the owners thereof meet the requirements established in this Act, particularly those set forth in Section 2. If the owner of an incentivized rental housing project fails to meet one or more of the requirements established in Section 2 due to criteria such as quality, quantity, price, or availability in Puerto Rico, among other criteria that, in the judgment of the Secretary of Housing, hinder, impair, or prevent the successful operation of the rental housing project within reasonable parameters, the Secretary of Housing may issue a certificate attesting to such fact, exempting the owner of the rental housing project, in whole or in part, from meeting the requirement in question.

If the owner of the rental housing project fails to fully meet the requirements of Section 2, and fails to qualify for any of the exceptions to such provision, the Secretary of the Department of Housing shall be responsible for establishing a formula that allows for the quantification of the factors set forth in said Section, and for the subtraction of the requirement that has not been met from the total percentage of the specific benefit or incentive granted by this Act, in order to obtain the exact percentage of the benefit or incentive in question.

The Secretary of Housing shall be required and responsible for preparing a Certificate of Compliance annually, once the owners of the incentivized rental housing projects validate, in the judgment of said official, that they have met the requirements set forth in Section 2, as well as complied with all other provisions of this Act. The Secretary of Housing shall verify the information submitted by the owners of incentivized rental housing projects annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the owner of the incentivized housing project: the name of the business or company, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Secretary of Housing through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for awarding benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary of Housing to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting the benefits or incentives under this Act following the ordinary procedure. The filing of the Certificate of Compliance by an incentivized rental housing project shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary of Housing shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Secretary of the Department of Housing should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

The Secretary of Housing, in consultation with the Secretary of the Treasury, shall prescribe rules and regulations as are necessary to adopt this Act. Said rules and regulations shall establish the criteria, procedures, and documents which shall be required to determine whether an owner qualifies to avail himself of the provisions of this Act, and the review or reconsideration process in case such owner is denied said tax exemptions.

Regulations thus adopted shall establish specific criteria to give priority in the Program created herein to the elderly who have a disability whether physical or otherwise.”

Section 61.- A new subsection (g) is hereby added to Section 3 of Act No. 165-1996, as amended to read as follows:

“Section 3.- Program to Subsidize the Leasing and Interest on Housing Loans.-

(a) ...

(g) This Program shall receive a recurring annual appropriation of five million dollars (\$5,000,000) from the General Budget of the Government of the Commonwealth of Puerto Rico, to be made to the Department of Housing beginning in Fiscal Year 2016-2017 to defray the administrative and operating expenses of the Program. This budget appropriation shall be considered separate from the contributions of the Puerto Rico Lottery which are established in this Act.”

Section 62.- Subsection (a) of Section 3 of Act No. 46-2000, as amended, is hereby amended to read as follows:

“Section 3.- Fund Operations.-

(a) Investment in Ventures.- The operation of a fund shall consist in the investment of restricted use capital in ventures in the following sectors or activities:

(1) ...

The determination as to whether investing in a particular business qualifies as a venture investment shall be based on parameters to be established by the Bank, through regulations. The Bank shall give priority to ventures promoting the creation of jobs, economic activity with companies or professionals located in Puerto Rico, the transfer of knowledge, and any other criteria that can be established through regulations.

(b) ...”

Section 63.- Subsection (b) is hereby amended and a new subsection (g) is hereby added to Section 7 of Act No. 46-2000, as amended, to read as follows:

“Section 7.- Effectiveness and Fees for the Issuance of Licenses; Audits or Examination of the Funds; Certificates of Compliance.-

(a) ...

(b) Effectiveness of Licenses.- Licenses or authorizations issued by the Commissioner pursuant to the provisions of this Act shall be in effect for a term of ten (10) years from the date of issue. No licenses or authorizations shall be issued under this Section after December 31st, 2018.

However, licenses issued prior to such date may be renewed for an additional term and subject to the conditions prescribed by the Commissioner through regulations. The Commissioner shall make a prior evaluation of the operations and performance of each Fund requesting said renewal, in every license renewal case.

(c) ...

(g) Duties of the Commissioner, Certificate of Compliance.- In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Commissioner of Financial Institutions shall be required to oversee and ensure compliance with all the

provisions of this Act. The Commissioner shall be the official responsible for verifying and ensuring that the Funds and their Associates meet the eligibility requirements established in this Act.

The Commissioner shall be required and responsible for preparing a Certificate of Compliance annually, once the Associates validate, in the judgment of said official, that they have met the requirements set forth in this Act. The Secretary shall verify the information submitted by Fund Associates annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the Fund: the name of the Fund, the cadastre number of the property or properties connected to the Fund; the merchant registration number; the account connected to the Fund as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

The Certificate of Compliance shall be issued by the Commissioner through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the agencies, public corporations, and municipalities responsible for awarding benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Commissioner to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives under this Act following the ordinary procedure. The filing of the Certificate of Compliance by the Fund shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Commissioner shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Commissioner should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the 'Puerto Rico Internal Revenue Code of 2011'; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 64.- A new Section 14 is hereby added to Act No. 178-2000, as amended, to read as follows:

“Section 14.- Time to Apply for Incentives, Deductions, Credits, and other Benefits.-

No applications shall be accepted and no incentives, credits, deductions, or any other benefits granted by virtue of Sections 8 and 11 of this Act be awarded for taxable years beginning after December 31st, 2012.”

Section 65.- Section 4 of Act No 213-2000, as amended, is hereby amended to read as follows:

“Section 4.- Authorized Exemptions.- Gains made by the developer of new housing projects from the sale of housing units to the elderly or to persons with disabilities shall be exempt from the payment of income taxes, licenses fees, and construction excises, as well as from any other municipal levy or fee. Provided, that any claim of the exemptions authorized in this Section shall be supported by attesting evidence of the sale in favor of an elderly person or a person with disabilities, as provided for such purposes by the Secretary of the Treasury, in consultation with the Secretary of the Department of Housing.”

Section 66.- Section 5 of Act No. 213-2000, as amended, is hereby amended to read as follows:

“Section 5.- Duties of the Secretary of Housing, Certificate of Compliance, Rulemaking Authority.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Housing and the Secretary thereof shall be required to oversee and ensure compliance with the Governing Principles set forth in Section 3 of Act No. 47 of June 26, 1987, as amended; the pertinent provisions of Act No. 124-1993, as amended; Section 2 of

Act No. 165-1996, as amended; as well as with all other provisions of this Act and the regulations thereunder.

The Secretary of the Department of Housing shall be required and responsible for preparing a Certificate of Compliance annually, once the owners of incentivized housing projects validate, in the judgment of said official, that they have met the requirements set forth in this Act. The Secretary of Housing shall verify the information submitted by the owners of incentivized housing projects annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the incentivized housing project: the name of the business or company, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Secretary of the Department of Housing through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, to the agencies, public corporations, and municipalities responsible for awarding benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting the benefits or incentives under this Act following the ordinary process. The filing of the Certificate of Compliance by the owner of an incentivized housing project shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary of the Department of Housing shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Secretary should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 67.- A new subsection (c) is hereby added to Section 7 of Act No. 98-2001, as amended, to read as follows:

“Section 7.- Application for Credit; Requirements; Rights, Application Period.-

(a) ...

(b) ...

(c) Application Period.- No applications shall be accepted and no incentive, credit, deduction, or any other benefit granted by virtue of Section 4 of this Act shall be awarded for projects beginning after December 31st, 2015.”

Section 68.- A new subsection (f) is hereby added to Section 10 of Act No. 140-2001, as amended, to read as follows:

“Section 10.- Application for Credit; Requirements; Rights, Application Period.-

(a) ...

(f) Application Period.- The Executive Director shall not accept applications for or award the incentives, credits, deductions, and other benefits described in Section 3 of this Act after December 31st, 2015.”

Section 69.- Current subsections (1) through (11) are hereby renumbered as subsections (a) through (k), respectively; renumbered subsections (b), (c), (d), (h), and (k) are hereby amended and a new subsection (l) is hereby added to Section 4 of Act No. 183-2001, as amended, to read as follows:

“Section 4.- Definitions.-

For purposes of this Act, the following terms shall have the meaning stated below:

(a) ...

(b) Conservation Easement Holder.- A natural or juridical person that owns a conservation easement.

(c) Commonwealth of Puerto Rico.- Includes the Department of Natural and Environmental Resources; the Department of Agriculture; and the Institute of Puerto Rican Culture as the sole representatives of the Commonwealth of Puerto Rico authorized to receive the title deeds of conservation easements and eligible lands that have been donated.

(d) Nonprofit Organization.- Any private nonprofit entity, association, trust, organization, or institution constituted as such pursuant to the laws of Puerto Rico, whose main function or purpose is the protection and preservation of areas of natural significance, or of real property with cultural or agricultural significance. Furthermore, said nonprofit organization shall be recognized as such by the Secretary of the Department of the Treasury and any gifts made thereto may be deducted pursuant to Sections 1031.04(a)(10), 1033.10, 1033.15(a)(3), 1071.02(a)(5), and 1083.02 of Act No. 1-2011, as amended, known as the 'Puerto Rico Internal Revenue Code of 2011,' or any successor law.

(e) ...

(f) ...

(g) ...

(h) Internal Revenue Code of Puerto Rico.- The Puerto Rico Internal Revenue Code of 2011, created pursuant to the provisions Act No. 1-2011, as amended.

(i) ...

(j) ...

(k) Eligible Land.- Land or property on which an eligible conservation easement may be established, whose ownership is transferred by means of a deed of donation to any person(s) who may, pursuant to Section 8 of this Act, be holder of the conservation easement. Any land or property which is part of a nature reserve or an agricultural reserve shall not be eligible to establish a conservation easement in

accordance with this Act, or to receive the tax benefits offered thereunder. Likewise, any property or land whose conservation has been required by a government agency as a condition or requirement to approve a construction project shall not be eligible.

(l) Land Trust Alliance- An organization based in Washington, D.C., which has acted as national coordinator, strategist, and representative of over 1,700 members and trusts in the United States since 1982. Its goals are to work in order to increase the pace and quality of conservation efforts by advocating for favorable tax policies, training land trusts in best conservation practices, and working to ensure the permanence of conservation in the face of continuing threats.”

Section 70.- Section 5 of Act No. 183-2001, as amended, is hereby amended to read as follows:

“Section 5.- Non-Applicability of Certain Provisions of the Civil Code of Puerto Rico.-

Personal easements constituted under this Act shall not be subject to the limitations imposed by Article 467 of the Puerto Rico Civil Code.

All easements constituted under this Act shall not be deemed to be an unlawful gift for purposes of Article 747 of the Civil Code.

All easements constituted under this Act shall not be subject to the acquisition of the ownership and all property rights by virtue of acquisitive prescription or usucaption, whether it be ordinary or extraordinary, as established in Article 1830 *et seq.* of the Civil Code.”

Section 71.- Section 6 of Act No. 183-2001, as amended, is hereby amended to read as follows:

“Section 6.- Donations and Transfers to the Commonwealth of Puerto Rico.-

Donations granted pursuant to this Act shall be deemed onerous with regard to the tax benefits it provides in its sections.

In the case of the extinction or dissolution of the nonprofit entity which was originally granted easement rights, the sole fact of the extinction or dissolution of the easement holder shall constitute an *ipso jure* transfer to the Commonwealth of Puerto Rico and it shall thus be stated in every conservation easement deed and the corresponding registration in the Property Registry.”

When selling land or property that has natural, agricultural, or cultural significance to any person who is authorized to be an easement holder or to receive donations for purposes of this Act, if said sale is made for an amount which is lesser than the value stated in the appraisal or valuation report required by Section 17 of this Act, the difference between the appraisal value and the sales price shall not be considered a donation that generates tax credits under this Act, because it is not the type of donation this Act incentivizes by means of tax benefits.”

Section 72.- Subsections (1) through (5) are hereby renumbered as subsections (a) through (e), respectively, in Section 7 of Act No. 183-2001, as amended, to read as follows:

“Section 7.- Conservation Easement Goals.-

The conservation easement may be constituted for the following purposes, among others:

- (a) ...
- (b) ...
- (c) ...
- (d) ...
- (e) ...”

Section 73.- Subsection (1) is hereby renumbered as subsection (a), current subsection (2) is hereby eliminated, a new subsection (b) is hereby added, and a new paragraph is hereby added to Section 8 of Act No. 183-2001, as amended, to read as follows:

“Section 8.- Persons Who can be Holders of an Easement.-

- (a) ...
- (b) a nonprofit organization that meets all of the following requirements:
 - (1) Having obtained and maintained the certificates from the Department of the Treasury for nonprofit entities.
 - (2) That its main function and purpose is the protection or conservation of an area of natural, agricultural, or cultural significance.
 - (3) That it is a *bona fide* entity which has been actively operating for at least ten (10) years, and which has been recognized in Puerto Rico for its work in the conservation of areas of natural, agricultural, or cultural significance.
 - (4) Having obtained and maintained the accreditation of the Land Trust Alliance, which includes entities that have the necessary resources to responsibly and adequately conserve the properties donated to them, or the conservation easements of which they are holders. The Secretary of the Treasury may establish through regulations the process to be followed by nonprofit organizations in the event that the Land Trust Alliance is dissolved.
 - (5) Be registered in the Department of the Treasury as an entity that can be a holder of a conservation easement.

The Secretary of the Treasury shall establish a public registry for nonprofit organizations that meet the aforementioned requirements. Nonprofit entities that wish to be considered as qualified to hold a conservation easement shall file an application with the Secretary of the Treasury who shall issue a certificate to such effects to those organizations that meet the requirements established in this Section. The Secretary of the Treasury shall establish the procedure to enforce this requirement through regulations or circular letter.”

Section 74.- Section 11 of Act No. 183-2001, as amended, is hereby amended to read as follows:

“Section 11.- Organization and Qualification.-

The conservation easement shall be constituted in a public deed with pertinent registration in the Property Registry. The Department of Natural and Environmental Resources, the Conservation Trust of Puerto Rico, the Department of Agriculture, and the Institute of Puerto Rican Culture shall be required to file the deeds in question with the Property Registry. They may request the donors to pay a reasonable fee for the processing of said donation, and may establish the amount thereof through regulations. Proof of the filing of the public deed with the Registry shall be submitted to the Department of the Treasury for the natural or juridical person that constituted the conservation easement or made the gift to be considered for a tax credit as established in this Act.

The Property Registrar shall have three (3) months as of the date of the filing to qualify the public deeds filed pursuant to this Act. The Property Registrar shall notify his determination on or before the date on which the qualification term expires.

The registration or release of the conservation easement shall be exempt from the payment of taxes.”

Section 75.- Section 12 of Act No. 183-2001, as amended, is hereby amended to read as follows:

“Section 12.- Duration.-

The conservation easement shall be constituted in perpetuity. The deeds of conservation easements and gifts shall not contain a provision establishing as a condition therefor that an evaluation process for the granting of a tax credit, or that the granting of said credit shall be completed within a period of less than two (2) years. However, when a conservation easement is constituted for a specific term

pursuant to the provisions of the Civil Code, the land owner shall not be entitled to the tax benefits herein provided, and the donation shall not be deemed to be unlawful for purposes of Section 747 of the Civil Code of Puerto Rico.”

Section 76.- Subsections (a) and (c) are hereby amended and subsections (d) and (e) are hereby added to Section 16 of Act No. 183-2001, as amended, to read as follows:

“Section 16.- Tax Benefits.-

(a) For a conservation easement resulting from a donation to be entitled to receive the tax benefits granted under this Act, it shall have to obtain one of the following documents:

(1) A certification issued by the Department of Natural and Environmental Resources, or the Conservation Trust of Puerto Rico stating that the property or land has natural significance for the conservation of the environment. When establishing this certification the Department of Natural and Environmental Resources or the Conservation Trust of Puerto Rico shall adhere to and comply with the Standards and Practices Guidelines of the Land Trust Alliance, and shall state so in each transaction of a conservation easement or of a donation of eligible lands.

(2) A certification issued by the Institute of Puerto Rican Culture stating that the property or land has cultural significance.

(3) A certification issued by the Department of Agriculture stating that the property or land is classified as land of high agricultural productivity.

(b) ...

(c) The following shall not receive the tax benefits granted under this Act:

(1) Properties or lands whose conservation in whole or in part is required by a government agency, public corporation, or any other government instrumentality or municipality as a condition or requirement to approve a

construction project, even if the agency has not specified which part of the property or land should be conserved.

(2) Properties or lands undergoing an acquisition or eminent domain process in any of the agencies, government departments or instrumentalities, municipalities, or public corporations.

(3) Properties or lands that are subject to a mortgage lien or *lis pendens* filed with or registered in the Property Registry. As an exception, the properties or lands subject to a mortgage lien may receive the tax benefits provided herein if the mortgagee agrees to subordinate the mortgage lien to the conservation easement through an instrument or public deed to be registered in the Property Registry. In the event there is more than one mortgage lien on a property or land, the aforementioned process must be followed for each of the mortgage liens.

(4) Structures located in eligible lands, unless the structures in question have a cultural significance and are certified by the Institute of Puerto Rican Culture in accordance with paragraph (2) of subsection (a) of this Section.

(d) The Secretary of the Treasury, or the person designated by him to carry out such duty, shall be the only person empowered to determine whether a tax benefit shall be granted. The agency or entity that issues a natural, cultural, or agricultural significance certificate shall not be empowered to recommend, negotiate, or determine the tax benefit.

(e) The certificate referred to above in this Section shall be entitled Certificate of Natural or Cultural Significance and it shall state in detail the reason why the land or property has natural or cultural significance, as established through regulations. Moreover, the Certificate shall bear the official letterhead of the issuing agency or entity, the date of issue, and the name, signature, and position of the person who signs it. A certificate shall be prepared separately for each applicant. If the land or property in question has multiple owners, all owners shall be listed in the

certificate, as well as the share of each owner on the land or property. The Certificate shall not include any reference to the appraised value of the property or the tax credit.

The Certificate shall include at least the following information:

- (1) The name of the applicants who, in turn, are the donors.
- (2) The registry description, per parcel, of the lands and properties in question, including the capacity, the entry in the Property Registry, and the cadastre number.
- (3) The justification for the natural or cultural significance of the land or property.
- (4) The title of the supporting documents of the Certificate, which shall be filed with the Secretary of the Treasury, together with the Certificate, for his evaluation.
- (5) A statement that the conservation of the property or land eligible for the Certificate has not been established as a requirement or condition by a government agency, public corporation, or any other government instrumentality for the approval of a construction or development project.
- (6) A statement that the property is not under an acquisition or eminent domain process in any agency, department, or instrumentality of the government, or of a municipality or public corporation engaged in the acquisition of property or lands.
- (7) Corporate documents or authorization, as the case may be, stating the name and position of the person who is responsible, within the agency or entity, for signing the Certificates.
- (8) Any other information required through regulations.

The Certificate of Natural or Cultural Significance shall be issued by the Department of Natural and Environmental Resources, the Department of Agriculture, the Conservation Trust of Puerto Rico, or the Institute of Puerto Rican

Culture, as the case may be, through the Puerto Rico Economic Development Interagency Incentive Validation Portal, for the purpose of making it available to the Secretary of the Treasury during the process of issuing the tax benefits established in this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the entities herein mentioned to issue the Certificate of Natural or Cultural Significance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives under this Act following the ordinary process.”

Section 77.- Subsections (a), (b), (c), (d), (e), (f), and (g) are hereby amended, new subsections (h), (i), (j), and (m) are hereby added, current subsections (h), (i), and (j) are hereby renumbered as subsections (k), (l), and (n), respectively, and renumbered subsections (k), (l), and (n) are hereby amended in Section 17 of Act No. 183-2001, as amended, to read as follows:

Section 17.- Tax Credit.-

(a) Any natural or juridical person that constitutes an eligible conservation easement or donates eligible land pursuant to the provisions of this Act shall be able to opt for a tax credit equal to fifty percent (50%) of the value of the eligible conservation easement or eligible land by the date of the donation, to be paid in two (2) installments: the first half of said credit, in the year in which the conservation easement is constituted, or the donation of the eligible land takes place; the balance of said credit, in the following year. Any constitution of an eligible conservation easement or eligible land donation made prior to the filing date of the income tax return, as provided in the Puerto Rico Internal Revenue Code, including any extension granted by the Secretary of the Treasury to file the same shall qualify for the tax credit herein provided in the taxable year for which the aforementioned income tax return is filed; provided, that requirements set forth in this Section are met.

It shall be clarified that any natural or juridical person that constitutes an eligible conservation easement or donates eligible land pursuant to the provisions of this Act may opt for the tax deduction allowed under Sections 1033.10, 1033.15(a)(3), 1071.02(a)(5), and 1083.02 of the Puerto Rico Internal Revenue Code, or any successor law, or for the tax credit set forth in this Section. Said person may not avail himself of both tax benefits at the same time. Likewise, a property that meets the necessary requirements may be used to generate either a credit for the constitution of a conservation easement or a credit for the donation of eligible land, but not both.

(b) Use and Availability of the Credit.- The credit may be used against any tax established under the Puerto Rico Internal Revenue Code, including the alternative minimum tax and the alternate base tax. The credit shall be available to be used once the requirements set forth in this Act are met and once the Secretary of the Treasury certifies the availability of the credit as set forth in this Section.

(c) Credit Carryover.- Any unused credit in a taxable year may be carried over up to a maximum of ten (10) subsequent taxable years.

(d) Credit Amount.- The amount of credit shall be fifty percent (50%) of the value of the conservation easement or eligible land on the date of the donation. If there is more than one donor, the amount of the credit shall be distributed among the donors in the proportions determined by them. Donors shall notify the distribution of the credit to the Secretary of the Treasury on or before the date established by the Puerto Rico Internal Revenue Code to file the income tax return for the first year in which they are entitled to take the credit, including extensions granted by the Secretary of the Treasury to file the same. The distribution shall be irrevocable and mandatory for the donors.

The Secretary of the Treasury shall be the sole person authorized to establish the value of the conservation easement or of the eligible land which shall be used as a basis to determine the maximum amount of credit. Said value shall be the one set in the appraisal or valuation report drafted and revised in accordance with the requirements of this Act.

(e) Adjustment of Base and Recovery of the Credit.-

(1) The tax base of the donor(s), determined pursuant to the Puerto Rico Internal Revenue Code, on the property object of the conservation easement or on the eligible land, as the case be, shall be reduced by the amount taken as credit but may never be reduced to less than zero.

(2) The owner or owners of a property encumbered by a conservation easement or the donor or donors in the case of eligible land, shall be subject to the recovery of the credits granted in the event that the tax credit was obtained through fraud, or that the obligations contained in the deed of constitution of a conservation easement or donation of an eligible land are not complied with, as the case may be. In the event of noncompliance with the obligations contained in the deed of constitution of a conservation easement or donation of eligible land, the recovery shall proceed but only in those cases where the land cannot be restored to its original condition, as provided in this Act.

Also ...

The invalidated credit...

(3) ...

(f) Assignment of the Credit.-

(1) ...

(2) The tax base of the donor or donors, determined pursuant to the Puerto Rico Internal Revenue Code, on the property object of the conservation easement or the eligible land, as the case may be, shall be reduced by the value of

the assigned, sold, or otherwise transferred credit, but shall never be reduced to less than zero.

(3) ...

(4) The money or value of the property received in exchange for the credit shall be exempt from taxation under the Puerto Rico Internal Revenue Code, up to an amount that is equal to the amount of the credit assigned.

(5) ...

(6) ...

(g) Application for the Tax Credit Certificate.-

Any donor interested in obtaining a credit shall submit an application for a tax credit certificate to the Secretary of the Treasury pursuant to this Act, and in accordance with the specifications and requirements of any regulations or circular letters approved for such purpose. The donor or donors shall be required to file the following documents and information with the Secretary of the Treasury as a condition for the approval of a certificate under this Act:

(1) The documents stated in Section 16 of this Act.

(2) Negative debt certificates from the Department of the Treasury and the Municipal Revenue Collections Center (CRIM).

(3) Certification of the filing of tax returns from the Department of the Treasury.

(4) A copy of the deed of the donation whereby the conservation easement is constituted or the eligible land is donated.

(5) Proof of the registration or filing with the Property Registry of the public deed whereby the conservation easement is constituted or the eligible land is donated.

(6) A title search for the property being donated, or where the conservation easement is to be constituted, conducted on a date that is not too far from the date of issue of the Application for the Tax Credit Certificate of the Secretary of the Treasury.

(7) As part of the facts and information of the application, the owner of the property or land for which the credit is being granted shall furnish a statement indicating that said property or land meets the requirement that the government agencies, departments, instrumentalities, municipalities, or public corporations have not established the conservation of the land or property, in whole or in part, as a condition or requirement for the approval of a construction project, and that said land is not undergoing an acquisition or eminent domain process in any of the aforementioned government agencies or entities engaged in the acquisition of properties or lands.

(8) An appraisal or valuation report of the conservation easement or the eligible land that meets the requirements established by the Secretary of the Treasury through regulations, and the following:

(A) The report has been prepared using the appraisal methods applicable to conservation easements, such as the appraisal guidelines of the Land Trust Alliance and the U.S. Internal Revenue Service, as required by the Secretary of the Treasury through regulations.

(B) The report has been prepared by an appraiser who holds a Certified Professional Appraiser license, and the General Certification, has completed the courses on the appraisal of Conservation Easements in accordance with the practices recommended by the Land Trust Alliance Certification, and the Uniform Standards of Professional Appraisal Practice, as well as the Laws and Regulations course certifications, all of which shall be current at the time of drafting

the conservation easement's valuation or appraisal report, a copy of which shall be enclosed with the report.

(C) The report shall be drafted on a full appraisal form and in accordance with the provisions of the Uniform Standards of Professional Appraisal Practice.

(D) It shall exclude any building located on the eligible land, or on the land on which the conservation easement was constituted, except for buildings with cultural significance and which have been certified as such by the Institute of Puerto Rican Culture. The appraisal of the building certified by the Institute of Puerto Rican Culture, and the land appraisal shall be filed separately.

(E) The registry description, the capacity, the entry in the Property Registry, and the cadastre number of each parcel shall be included separately for each of the lands and properties appraised, together with a survey plan or a map of the georeferenced location for each of the lands and properties appraised.

(F) The appraisal report shall include a certification under oath indicating that the appraiser is aware of the law; that he has prepared the report in accordance with the requirements established by law; and therefore recognizes that the Secretary of the Treasury shall be the person who uses this report for the purpose of acting on a certification request for a conservation easement tax credit in accordance with this Act; and that the appraisal established in said report shall be used by the Secretary of the Treasury as the basis to calculate the amount of the tax credit to be granted to the petitioner; and that the appraiser shall make himself available to the Secretary of the Treasury for the purpose of providing any additional information or explanation necessary while the tax credit certificate is being processed; and that the professional appraisal criteria he used to prepare the report is correct and reasonable.

(G) The appraiser shall conduct investigations, as prescribed by the Secretary of the Treasury through regulations, with the Planning Board; the autonomous municipalities in which the conservation easement land or the eligible land is located; and any other government agency, department, instrumentality, or public corporations engaged in the acquisition of property or lands and which may be exempt from filing their cases with the Planning Board, for the purpose of verifying that the property or land on which a conservation easement is being constituted is not undergoing an acquisition or eminent domain process in any such entities; and that the conservation of the property or land, in whole or in part, has not been established as a condition or requirement for the approval of a construction project, even if the government agency, public corporation, or any other government instrumentality, or municipality has not specified which part of the property or land must be conserved. For such purposes, the appraiser shall attach certificates from the pertinent entities to the appraisal report, as provided by the Secretary of the Treasury through regulations, which prove that the appraiser conducted these investigations. The pertinent agencies shall be required to issue these documents within ninety (90) days as of the date of request.

(H) The report must be reviewed, at the expense of the tax credit applicant, by an appraiser who is registered in the appraiser registry that shall be created by the Secretary of the Treasury through regulations, with the advice of the Conservation Trust of Puerto Rico, the Secretary of Natural and Environmental Resources, the Secretary of the Department of Agriculture, and the Director of the Institute of Puerto Rican Culture. The appraiser registry shall be created according to the type of property. The appraisers appearing in the registry for the purpose of having them appraise properties or lands of natural significance must have the approval of each of the following agencies or entities: the Department of the Treasury, the Department of Natural and Environmental Resources, and the

Conservation Trust of Puerto Rico. Appraisers appearing in the registry for the purpose of having them appraise properties or lands of cultural significance must have the approval of both the Department of the Treasury and the Institute of Puerto Rican Culture. Appraisers appearing in the registry for purposes of having them appraise properties of lands of agricultural significance must have the approval of both the Department of the Treasury and the Department of Agriculture. A review shall not be necessary when using the services of an appraiser appearing in the appraiser registry which shall be created by the Secretary of the Treasury. For purposes of determining the value to be used to calculate the tax credit that shall be granted, the appraised value, as revised, shall be used if it were lower.

(9) The donors shall submit to the Secretary of the Treasury any additional permit or document required through regulations.

(10) A draft of the public deed shall be enclosed within the appraisal report whereby the conservation easement or the donation of eligible land is constituted.

(h) The terms established in this Section shall begin to elapse upon receipt by the Secretary of the Treasury of an application duly filed in accordance with this Act. The Secretary of the Treasury shall evaluate the application to ensure compliance with the applicable tax laws, or any other law that may be under his jurisdiction.

(i) Tax Credit Certificate.- The certificate shall be entitled Tax Credit Certificate under the Act. The certificate shall be issued per applicant. If the land or property in question is owned by multiple applicants, the share of each applicant on the land or property shall be stated on the certificate. The certificate shall at least include the following information:

(1) Findings of Fact.-

- (A) names of the applicants;
- (B) registry description, capacity, entry in the Property Registry, the cadastre number of each parcel individually for the lands and property in question;
- (C) reference to the Certificate of Natural or Cultural Significance;
- (D) reference to the constitution of the conservation easement or to the donation according to the public deed;

(2) Conclusions of Law.-

- (A) the property value according to the appraisal report;
- (B) the tax credit amount;
- (C) the tax year in which the credit may be used; and
- (D) the particulars of the use or usage of the tax credit in accordance with the Law and with the Puerto Rico Internal Revenue Code of 2011.

(j) Once the Secretary of the Treasury issues the certification provided herein, he shall establish a public registry including certain non-sensitive information, as specified through regulations, identifying the property or land where a conservation easement has been constituted.

(k) The granting of the certification in subsection (g) shall be contingent on the donor or donors' meeting the requirements prescribed by Secretary of the Treasury through regulations and this Act.

(l) Credits Cap Per Year.- The maximum amount of tax credits available in a specific fiscal year of the Commonwealth of Puerto Rico to be allocated in accordance with this Chapter shall be fifteen million dollars (\$15,000,000).

(m) The Secretary of the Treasury shall establish a tax credit reserve. The entities that issue the natural, agricultural, or cultural significance certifications shall request from the Secretary of the Treasury the tax credit reserve and shall indicate the Government's Fiscal Year in which they wish to reserve the credit on behalf of the donor of the conservation easement or eligible land or property. The Fiscal Year in which the tax credit shall be reserved must be the same year in which the donation was made, pursuant to subsection (a) of Section 17 of this Act; likewise, the date on which the deed constituting the conservation easement or donation is filed with the Property Registry, pursuant to Section 11 of this Act, shall also be taken into consideration. The request to reserve the credit shall be enclosed with at least the certificate of natural, agricultural, or cultural significance (original and final document), the appraisal report (original and final document), and the draft of the deed of the donation or constitution of the conservation easement, pursuant to Sections 5 through 15 of this Act. As of the date on which the Secretary of the Treasury responds to the reservation request, the petitioner shall have three (3) months to file the tax credit request application with the Secretary of the Treasury. The tax credit shall be reserved once the application for the tax credit is received within the aforementioned period. The tax credit shall be reserved for the period of time it takes the Secretary of the Treasury to issue the credit certificate.

(n) Any person, including, but not limited to the appraiser of the conservation easement or eligible land and the tax credit applicant, among others, who makes or attempts to make, on his behalf or on behalf of another person, any false or fraudulent representation with respect to any credit application or certificate pursuant to this Act shall be deemed to be guilty of a felony, and upon conviction, shall be punished either by a fine of fifty-thousand dollars (\$50,000) or twenty-five percent (25%) of the value of the appraised properties in question, whichever is

greater, or a term of imprisonment that shall not exceed five (5) years, or both penalties, plus legal expenses, at the discretion of the court.”

Section 78.- A new Section 20 is hereby added to Act No. 183-2001, as amended, to read as follows:

“Section 20.- Application of the Puerto Rico Internal Revenue Code of 2011, or any successor law.-

The Puerto Rico Internal Revenue Code of 2011, or any successor law shall apply as a supplement to this Act.”

Section 79.- Current Sections 20, 21, 22, 23, and 24 of Act No. 183-2001, as amended, are hereby renumbered as Sections 21, 22, 23, 24, and 25, respectively.

Section 80.- Newly numbered Section 21 of Act No. 183-2001, as amended, is hereby amended to read as follows:

“Section 21.- Property Taxes.-

For purpose of property tax payments to the Municipal Revenue Collections Center, the appraised value of the property encumbered by a conservation easement shall be fully exempt when the conservation easement is granted for the whole property. If the conservation easement only encumbers a portion of the property subject to a conservation easement, the reduction in the appraised value of the aforementioned property shall be equal to the proportion not encumbered.

The owner of the property or land in which a conservation easement has been constituted shall be exempt from taxation for the value of the conservation easement. In the case of donation of eligible lands, the property shall be fully exempt from property taxes.

The Commonwealth of Puerto Rico shall compensate municipalities for the loss of income resulting from the exemption.”

Section 81.- Subsection (F) is hereby amended and a new subsection (K) is hereby added to Section 4.03 of Act No. 212-2002, as amended, to read as follows:

“Section 4.03.- Incentives, Credits, and Exemptions.-

A. ...

F. Tax Credit for Investments in Construction Projects in Urban Centers.-

Any owner or tenant, natural or juridical person that undertakes a construction or improvements project (including housing projects) in an urban center pursuant to the provisions of this Act may claim an income tax credit of seventy-five percent (75%) of the cost of the project or improvements. The credit not used in a taxable year may be carried over to subsequent taxable years for a maximum of ten (10) years. This incentive shall be of one hundred percent (100%) for those municipalities with historic zones. Likewise, the properties along the four (4) streets that surround the public town square of all urban centers, whether historic zones or not, shall also enjoy this incentive of one hundred percent (100%).

Upon determining the control of the project for purposes of the credit herein provided, those amounts or costs used in the computation of the credit provided in Subsection E of this Section shall not be considered in the case both credits apply. Except as otherwise provided above, the credit granted under this subsection shall neither apply nor be available to those owners who receive or have received any other tax benefit under other federal or state laws or regulations that such owner may use or have used against the investment attributable to cost of the project or improvement under this subsection. Notwithstanding the foregoing, the credit available under this subsection may apply and be available to be applied against the investment attributable to the cost of the project or improvement under this subsection, even if said project is receiving or has received other tax benefits under federal laws or regulations for the construction or improvement of an independent senior living housing project certified as such by the United States

Department of Housing and Urban Development. In the case of said independent senior living housing projects that receive tax benefits under federal programs, the tax credit to be granted under the provisions of this Act shall be in the amount necessary to defray up to one hundred percent (100%) of the balance of the investment attributable to cost of the project or improvement subject to the limits previously established in this Section. The credit provided by this Subsection may be assigned, sold, or otherwise transferred, in whole or in part, by the owner or natural or juridical person entitled to claim the same to another person.

G. ...

K. Application Period.-

No applications shall be accepted nor any incentives, credits, deductions, and other benefits provided for in this Section shall be granted to projects whose construction has not begun as of June 30th, 2015, or that have failed to submit a certificate of eligibility to the Department of the Treasury as of June 30th, 2016; provided, that the aforementioned projects were eligible under the provisions of Section 1051.12(a)(5) of Act No. 1-2011, as amended.”

Section 82.- Section 4.04 of Act No. 212-2002, as amended, is hereby amended to read as follows:

“Section 4.04.- Tax Credit for Entrepreneurs Affected by Urban Centers Revitalization Projects.-

Every entrepreneur operating a business in urban centers and whose clientele has lessened or whose volume of sales has substantially decreased due to the development of revitalization projects carried out at the urban center in which his business is established shall be eligible for the following tax benefit:

A. Every commercial entity established in the area affected by the construction of the Urban Center Revitalization projects shall be entitled to a tax credit of eight percent (8%) from the fifty percent (50%) of the gross sales generated during the construction works period. The maximum credit amount shall not exceed the total tax liability reported in the income tax return for the previous year. Any taxpayer who receives this credit shall include in his income tax return a certification issued by the Puerto Rico Trade and Export Company identifying his business as a business affected by the construction works. No applications shall be accepted nor any incentives, credits, deductions, and other benefits described in this Section shall be granted to projects whose construction has not begun as of June 30th, 2015, or that have failed to submit a certificate of eligibility to the Department of the Treasury as of June 30th, 2016; provided, that the aforementioned projects were eligible under the provisions of Section 1051.12(a)(5) of Act No. 1-2011, as amended.”

Section 83.- Section 15 of Act No. 244-2003, as amended, is hereby amended to read as follows:

“Section 15.- Exemptions.-

Any residence established within the conceptual framework of ‘Assisted Living’ shall be exempt from payments on the percentage (%) of municipal licenses, the payment of personal and real property taxes, and income tax for the first two (2) years of operation pursuant to this Act.

Only for the purpose of granting the exemptions established herein, the Department of Housing and the Secretary thereof shall be required to oversee and ensure compliance with the Governing Principles established in Section 3 of Act No. 47 of June 26, 1987, as amended, and Section 2 of Act No. 165-1996, as amended, as well as the remaining provisions of this Act and its regulations.

The Secretary of Housing shall be required and responsible for preparing a Certificate of Compliance annually, once the owners of incentivized housing projects validate, in the judgment of said official, that they have met the requirements set forth herein. The Secretary of Housing shall verify annually the information submitted by the owners of incentivized housing projects so that the Certificate of Compliance is issued not later than the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the owner of the incentivized housing project: the name of the project; the cadastre number of the property or properties connected to the project; the merchant registration number; the account connected to the business as required by the Puerto Rico Internal Revenue Code; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Secretary of Housing through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations and municipalities responsible for granting the benefits or incentives established in this Section. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue the Certificate of Compliance to the agencies, public corporations, and municipalities responsible for awarding the benefits or incentives established herein following the ordinary process. The filing of the Certificate of Compliance by the owner of an incentivized housing project shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Section.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance as provided in this Section. The Secretary of Housing shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted by virtue of this Act may contact the applicant and the Department of Housing should further information be needed to validate data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury, or the Executive Director of the Municipal Revenues Collection Center may deny the tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury by virtue of Section 6051.02 of Act No. 1-2011, as amended, known as the 'Puerto Rico Internal Revenue Code of 2011'; and, if necessary, the power to revoke any incentives previously granted by virtue of the Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

However, in the case of the tax exemptions on property and municipal license taxes, for purposes of promoting the creation and establishment of housing projects established within the conceptual framework of ‘Assisted Living’ or contributing toward those already in operation, the municipalities whose fiscal capability allows shall exercise their discretion to grant to said residences exemptions from the payment of property and municipal license taxes. The procedures set forth by law shall be followed for the approval of these exemptions.

At the end of the aforementioned term of two (2) years, the Legislative Assembly shall evaluate said exemption and shall determine its continuation or its termination.”

Section 84.- A new Section 1-A is hereby added to Act No. 73-2008, as amended, to read as follows:

“Section 1-A.- Governing Principles for the Granting of Incentives.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentive or benefit granted under this Act, the Department of Economic Development and Commerce, the Industrial Tax Exemption Office, and the Director thereof shall be required to oversee and ensure compliance with the following Governing Principles, as provided below:

(a) Jobs.-

The incentivized activity and the exempt business promote the creation of new jobs.

(b) Sound Integration.-

The conceptual design and planning of the incentivized activity and the exempt business shall be carried out, first of all, while taking into consideration environmental, geographical, and physical aspects, as well as the materials and goods that are abundantly available in the site where it is to be developed.

(c) Commitment to Economic Activity.-

That the incentivized activity and the exempt business shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation, or extension of the physical facilities thereof. If the purchase of said products cannot be financially justified when taking into account criteria such as quality, quantity, price, or availability of these products in Puerto Rico, the Director may issue a certificate attesting to such fact.

(d) Commitment to Agriculture.-

The incentivized activity and the exempt business shall acquire agricultural products from Puerto Rico for their operation. If the acquisition of said products cannot be financially justified when taking into account criteria such as quality, quantity, price, or availability of these products in Puerto Rico, the Director may issue a certificate attesting to such fact.

(e) Transfer of Knowledge.-

The incentivized activity and the exempt business shall acquire services from professionals or companies with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity, or skill, or any other valid reason recognized by the Director, the exempt business may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the service provider chosen by the exempt business, in order to receive the requested services.

The term 'Services' shall mean, but the list below shall not be construed as limiting the Director to include others by regulations, as the contracting of jobs related to:

- (1) surveying, production of construction plans, as well as engineering and architectural designs, and related services;
- (2) construction and all that pertains to this sector;

- (3) financial, environmental, technological, scientific, management, marketing, human resources, information systems, and auditing consulting services;
 - (4) advertising, public relations, commercial art, and graphic design services; and
 - (5) security or facility maintenance.
- (e) Financial Commitment.-

The incentivized activity and the exempt business shall submit proof that they use the services of, and that a significant amount of the income derived from their economic activity is deposited in, banking and/or cooperative institutions with a presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as availability or accessibility of these institutions in Puerto Rico, the Director may issue a certificate attesting to such fact.

The Director of the Industrial Tax Exemption Office shall be the sole official responsible for verifying and ensuring that exempt business meet the eligibility requirements established in this Section of this Act.

If the exempt business partially meets the requirements established in this Section, the Director shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Governing Principles established in this Section shall apply to any incentivized activity or new business that applies for any of the benefits granted under this Act as of December 1st, 2015. However, the provisions of this Section shall apply to any request made by an eligible business for the renegotiation and/or conversion of the decree that has not been signed and completed prior to the aforementioned date, as authorized by Section 13 of this Act.”

Section 85.- Section 12 of Act No. 73-2008, as amended, is hereby amended to read as follows:

“Section 12.- Industrial Tax Exemption Office.-

(a) ...

(b) Duties of the Director, Certificate of Compliance.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentive or benefit granted by this Act, the Department of Economic Development and Commerce, the Industrial Tax Exemption Office, and the Director thereof shall be required to oversee and ensure compliance with the Governing Principles set forth in Section 1-A, as well as with all other provisions of this Act.

The Director shall be responsible for verifying and ensuring that exempt businesses meet the requirements established in this Act, particularly those set forth in Section 1-A. If exempt business fails to meet one or more of the requirements established in Section 1-A due to criteria such as quality, quantity, price, or availability thereof in Puerto Rico, among other factors that, in the judgment of the Director, hinder, impair, or prevent the successful operation of the incentivized activity within reasonable parameters, the Director may issue a certificate attesting to such fact exempting the exempt business in question, in whole or in part, from such requirement.

If the exempt business fails to fully meet the requirements of Section 1-A, and fails to qualify for any of the exemptions to such provision, the Director shall be responsible for establishing a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Director shall be required and responsible for preparing a Certificate of Compliance annually, once the exempt businesses validate, in the judgment of said official, that they have met the requirements of Section 1-A and complied with all other provisions of this Act. The Director shall verify the information submitted by the exempt businesses annually so that the Certificate of Compliance is issued not later than the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the exempt business: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required by the Puerto Rico Internal Revenue Code; the employer identification number; and the information required by Act No. 216-2014, better known as the 'Fiscal Information and Permit Control Act,' as applicable.

The Certificate of Compliance shall be issued by the Director through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Director to issue the Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act by following the ordinary process. The filing of the Certificate of Compliance by an exempt business shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation in connection with the qualification process for the granting of the benefits or incentives awarded by virtue of this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance as provided in this Section. The Director shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Director should further information be needed to validate the data on the Certificate of Compliance and notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury, or the Executive Director of the Municipal Revenues Collection Center may deny the tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any way the power conferred to the Secretary of the Treasury by virtue of Section 6051.02 of Act No. 1-2011, as amended, known as the 'Puerto Rico Internal Revenue Code of 2011'; and, if necessary, the power to revoke any incentives previously granted by virtue of the Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation so the appropriate action is taken.

(c) Sworn Statements Required by the Industrial Tax Exemption Office.-

The Tax Exemption Office shall require tax exemption decrees applicants to submit sworn statements attesting to the facts stated, required, or appropriate in order to determine whether the operations or the intended operations of the applicant qualify under the provisions of this Act.

As of December 1st, 2015, the applicants for new decrees issued by virtue of this Act shall be required annually to include a sworn statement along with statistical and pertinent information that validates the following:

(1) the number of jobs created or retained compared to the number of jobs the applicant committed to create under the decree;

(2) the percentage (%) of its operational needs that is acquired from raw materials from Puerto Rico;

(3) the percentage (%) of its operational needs that is acquired from products manufactured in Puerto Rico;

(4) the percentage (%) of materials used for the construction of facilities or for extensions thereof, acquired from companies with a presence in Puerto Rico.

(5) the percentage (%) of agricultural products from Puerto Rico that are acquired;

(6) the percentage (%) of land surveying, production of construction plans, as well as engineering and architectural design services, and other related services contracted with companies or professionals with a presence in Puerto Rico;

(7) the percentage (%) of financial, environmental, technological, scientific, management, marketing, human resources, information technology, and auditing consulting services contracted with businesses or professionals with a presence in Puerto Rico;

(8) the percentage (%) of its commercial activity that employs banking services from banking institutions with a presence in Puerto Rico;

(9) the percentage (%) of the advertising, public relations, commercial art, and graphic design services that are contracted with companies or professionals with a presence in Puerto Rico;

(10) the percentage (%) of security or facility maintenance services that are contracted with businesses with a presence in Puerto Rico.

(d) ...

(e) ...

(f) ...

(g) The Tax Exemption Office shall establish the necessary systems to facilitate the electronic transmission and filing of applications for exemption and related documents, in order to expedite the consideration of the applications for exemption, the validation that the agreements reached under the decrees have been honored, and that the requirements thereof have been met; as well as to expedite the processes in general.”

Section 86.- Section 15 of Act No. 73-2008, as amended, is hereby amended to read as follows:

“Section 15.- Periodic Reports to the Governor and the Legislative Assembly, Portal.-

(a) In General.- Each year, and independent from any other report required by law, the Secretary of Development shall submit a report, in consultation with the Secretary of the Treasury, the Director of the Tax Exemption Office, the Executive Director, and the Planning Board, to the Governor and the Legislative Assembly on the economic and fiscal impact of this Act and of Act No. 135 of December 2, 1997, as amended. Said report shall be submitted within one hundred eighty (180) days after the close of each fiscal year.

Said report shall include, at least, but shall not be limited to the following information:

(1) The total number of jobs created or retained in Puerto Rico by exempt business compared to the jobs that such exempt business were committed to create under the decree;

(2) The percentage (%) of the total operational needs of exempt businesses that is acquired from raw materials from Puerto Rico and how much it represents in terms of local economic activity;

(3) The percentage (%) of the total operational needs of exempt businesses that is acquired from goods manufactured in Puerto Rico and how much it represents in terms of local economic activity;

(4) The percentage (%) of materials used by exempt businesses for the construction of their facilities or for extensions thereof that are acquired from business with a presence in Puerto Rico, and how much it represents in terms of local economic activity;

(5) The percentage (%) of agricultural products from Puerto Rico that is acquired;

(6) The percentage (%) of land surveying, production of construction plans, as well as engineering and architectural design services and other related services that exempt businesses contracted with business or professionals with a presence in Puerto Rico, and how much it represents in terms of local economic activity;

(7) The percentage (%) of financial, environmental, technological, scientific, management, marketing, human resources, information technology, and auditing consulting services that exempt businesses contracted with business or professionals with a presence in Puerto Rico, and how much it represents in terms of local economic activity;

(8) The percentage (%) of the commercial activities of the exempt business that employs banking services from banking institutions with a presence in Puerto Rico, and how much it represents in terms of local economic activity;

(9) The percentage (%) of advertising, public relations, commercial art and graphic design services that exempt business contracted with businesses or professionals with a presence in Puerto Rico, and how much it represents in terms of local economic activity;

(10) The percentage (%) of security or facility maintenance services that exempt businesses contracted with businesses with a presence in Puerto Rico, and how much it represents in terms of local economic activity.

(b) ...

(c) ...

(d) ...

(e) ...

(f) The Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico attached to the Puerto Rico Institute of Statistics shall be an electronic data repository that allows information relative to tax-exempt businesses and certificates of compliance to be stored, updated, and accessed by the agencies concerned, while safeguarding the confidentiality of such information. This information shall be used to oversee compliance with the conditions imposed on tax-exempt businesses and to develop a marketing intelligence system that enables the Industrial Development Company to identify and help in a timely manner those tax-exempt businesses in a precarious situation, as well as to establish promotion strategies.”

Section 87.- Section 17 of Act No. 73-2008, as amended, is hereby amended to read as follows:

“Section 17.- Special Economic Development Fund.-

In General.

(a) The Secretary of the Treasury...

The sum of one million dollars (\$1,000,000) shall be earmarked annually, with priority over any other purpose provided in this Section, for the operations and functioning of the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, attached to the Puerto Rico Institute of Statistics. The Executive Director shall be responsible for establishing, in conjunction with the Executive Director of the Puerto Rico Institute of Statistics, the mechanisms needed to comply with the appropriation provided for said Portal. This fund appropriation shall not require the approval of the Board of Directors of the Industrial Development Company. However, the Secretary of Economic Development is hereby empowered to direct the Tourism Company and/or the Trade and Export Company to transfer to the fund established herein the sums needed to cover, in whole or in part, the one million dollar (\$1,000,000)-appropriation provided for in this Act in favor of the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, attached to the Puerto Rico Institute of Statistics.

The monies of the Special Fund established herein shall be administered by the Executive Director and shall be used, except as otherwise provided in the preceding paragraph, solely for the following purposes:

(1) ...

(b) ...”

Section 88.- Section 18 of Act No. 73-2008, as amended, is hereby amended to read as follows:

“Section 18.- Reports Required from Tax-exempt Businesses and their Stockholders or Partners.-

(a) ...

(b) ...

(c) ...

(d) Every tax-exempt business that holds a decree granted under this Act shall file annually with the Tax Exemption Office, with a copy to the Secretary of the Treasury and to the Executive Director, not later than thirty (30) days as of the date prescribed by law for filing the corresponding income tax return, including time extensions granted for such a purpose, a report authenticated by the signature of the President, managing partner, or his/her authorized representative. Said report shall contain an account of data ascertaining compliance with the conditions established in the decree for the taxable year immediately preceding the filing date thereof including, but not limited to, the following: average number of jobs; products manufactured or services rendered; raw material or manufactured products acquired in Puerto Rico; professional, consulting, security and/or maintenance services contracted with professionals or business with a presence in Puerto Rico; banking transactions carried out through institutions with a presence in Puerto Rico, and the local economic activity that all of the above represents; as well as any other information that may be required in the form to be adopted for this purpose or as required by Regulations. This report shall enclose the fees provided for through Regulations and these shall be paid by postal money order or cashiers or certified check in the amount of three hundred dollars (\$300) payable to the Secretary of the Treasury. The information furnished in this annual report shall be used for purposes of statistics and economic studies, as provided in this Act. Likewise, the Industrial

Development Company shall conduct every two (2) years, at the least, an audit to ascertain compliance with the terms and conditions of the decree granted under this Act.

(e) ...

(f) ...”

Section 89.- A new subsection (e) is hereby added and current subsections (e) and (f) are hereby renumbered as subsections (f) and (g) of Section 1 of Act No. 74-2010, as amended, to read as follows:

“Section 1.- Declaration of Public Policy.-

It shall be the public policy of the Commonwealth of Puerto Rico:

(a) ...

(e) To guarantee that the tourist industry promotes and furthers the commercial activity and the economic development of Puerto Rico.

(f) ...

(g) ...”

Section 90.- A new Section 1-A is hereby added to Act No. 74-2010, as amended, to read as follows:

“Section 1-A.- Governing Principles for the Granting of Incentives.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Puerto Rico Tourism Company and the Executive Director thereof shall be required to oversee and ensure compliance with the following Governing Principles as provided below:

(a) Jobs.-

The tourist activity and the exempt business shall promote the creation of new jobs.

(b) Sound Integration.-

The conceptual design and planning of the tourist activity and the exempt business shall be carried out, first of all, taking into account environmental, geographical, and physical aspects, as well as the materials and goods that are abundantly available in the site where it is to be developed.

(c) Commitment to the Economic Activity.-

The tourist activity and the exempt business shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation, or extension of the physical facilities thereof. If the purchase of said products is not financially justified when taking into account criteria such as quality, quantity, price, and availability of these products in Puerto Rico, the Executive Director may issue a certificate attesting to said facts.

(d) Commitment to Agriculture.-

The tourist activity and the exempt business shall acquire agricultural products of Puerto Rico for operation thereof. If the purchase of said products cannot be financially justified when considering criteria such as the quality, quantity, price, or availability of these products in Puerto Rico, the Executive Director may issue a certificate attesting to such fact.

(e) Transfer of Knowledge.-

The tourist activity and the exempt business shall acquire services from professionals or companies with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity, or skill or any other valid reason recognized by the Executive Director, the exempt business may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the service provider chosen by the exempt business, in order to receive the requested services.

The term 'services' shall mean, but the list below shall not be construed as limiting the Executive Director's authority to include other services by regulations, the contracting of jobs relating to:

- (1) surveying, the production of construction plans, as well as engineering and architectural designs, and related services;
 - (2) construction and all that pertains to this sector;
 - (3) financial, environmental, technological, scientific, management, marketing, human resources information technology, and auditing consulting services;
 - (4) advertising, public relations, commercial art, and graphic design services; and
 - (5) security or facility maintenance.
- (f) Financial Commitment.-

The tourist activity and the exempt business shall submit proof that they use the services of, and that they deposit a significant amount of the income derived from their economic activity in, banking and/or cooperative institutions with a presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, the Executive Director may issue a certificate attesting to such fact.

The Executive Director of the Puerto Rico Tourism Company shall be the sole official responsible for verifying and ensuring that the tourist activity and the exempt business meet the eligibility requirements established in this Section and in this Act.

If the exempt business partially meets the requirements established in this Section, the Executive Director shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Executive Director shall draft an annual report to be filed with the Governor and the Legislative Assembly, stating in detail with figures and statistics the oversight, impact, and compliance with the provisions of this Section.

The Governing Principles set forth in this Section shall apply to every tourist activity or exempt business that applies for any of the benefits granted under this Act as of December 1st, 2015. However, the provisions of this Section shall not apply to any request for renegotiation of a decree, as authorized in Section 6 of this Act, made by any exempt business that has not been signed and completed prior to the aforementioned date.”

Section 91.- A new Section 1-B is hereby added to Act No. 74-2010, as amended, to read as follows:

“Section 1-B.- Duties of the Executive Director, Certificate of Compliance.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Puerto Rico Tourism Company and the Executive Director thereof shall be required to oversee and ensure compliance with the Governing Principles set forth in Section 1-A, as well as with all other provisions of this Act.

The Executive Director shall be responsible for verifying and ensuring that exempt businesses meet the requirements established in this Act, particularly those set forth in Section 1-A. If the exempt business fails to meet one or more of the requirements established in Section 1-A due to criteria such as quality, quantity, price, or availability in Puerto Rico, among other factors that, in the judgment of the

Executive Director, hinder, impair, or prevent the successful operation of the tourist activity within reasonable parameters, the Executive Director may issue a certificate attesting to such fact, exempting the exempt business, in whole or in part, from meeting the requirement in question.

If the exempt business fails to fully meet the requirements of Section 1-A, and fails to qualify for any of the exceptions to such provision, the Executive Director shall be responsible for establishing a formula that allows for the quantification of the factors set forth in said Section, and for the subtraction of the requirement that has not been met from the total percentage of the specific benefit or incentive granted by this Act, in order to obtain the exact percentage of the benefit or incentive in question.

The Executive Director shall be required and responsible for preparing a Certificate of Compliance annually, once the exempt business validate, in the judgment of said official, that it has met the requirements set forth in Section 1-A, and complied with all other provisions of this Act. The Executive Director shall verify the information submitted by exempt businesses annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the exempt business: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Executive Director through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, for the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Executive Director to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act following the ordinary process. The filing of the Certificate of Compliance by an exempt business shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM, Spanish acronym), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Executive Director shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Executive Director should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center

may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 92.- Subsection (a) of Section 9 of Act No. 74-2010, as amended, is hereby amended to read as follows:

“Section 9.- Administration; Granting of Benefits; Penalties.-

(a) Except as otherwise provided in this Act, the Director shall be in charge of administering this Act and shall exercise the powers, perform the duties, and comply with the obligations imposed thereunder. The Director shall be the official responsible for overseeing that exempt businesses meet the eligibility requirements of this Act. In accordance with the provisions of Sections 1-A and 1-B, the Director shall be responsible for issuing the Certificate of Compliance to exempt businesses so that the latter may avail themselves of the benefits or incentives provided herein.

The Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act shall be only required to grant the benefit or incentive in question upon the issuance of a valid Certificate of Compliance, as provided in Section 1-B of this Act.

(b) ...”

Section 93.- Subsections (b) and (c) of Section 2.2 of Act No. 83-2010, as amended, are hereby amended to read as follows:

“Section 2.2.- Green Energy Fund of Puerto Rico-Creation; Special Deposit.-

(a) ...

(b) The public interest sought by the activities of the Administration and the Green Energy Fund shall include the following:

(1) ...

(6) To guarantee that the commercial activity and the economic development of Puerto Rico is promoted and furthered.

(c) To further these public purposes and interests, the Administration shall grant by means of disbursements from the Green Energy Fund, incentives, contracts, loans, investment instruments, or energy production credits, provide financial aid, and take any other action, in any manner or under the terms and conditions it determines, in accordance with the criteria and procedures that the Administration may deem appropriate pursuant to the public policy set forth in this Act, and consistent with sound business practices, including but not limited to the following:

(1) ...

(7) In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted by the Green Energy Fund, the Administration and its Executive Director shall be required to adopt, oversee, and ensure compliance with the Governing Principles set forth in subsection (a) of Section 2.17 of this Act. The Executive Director shall be the sole official responsible for verifying and ensuring that exempt businesses meet the eligibility requirements provided in the Green Energy Fund.

(d) ...”

Section 94.- Subsections (a) and (b) are hereby added, and current subsections (a), (b), (c), (d), (e), and (f) are hereby renumbered as (c), (d), (e), (f), (g), and (h) of Section 2.17 of Act No. 83-2010, as amended, to read as follows:

“Section 2.17.- Governing Principles; Duties of the Director; Certificate of Compliance; and Other Procedures.-

(a) Governing Principles for the Granting of Incentives.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted under this Act, the Department of Economic Development and Commerce, the Industrial Tax Exemption Office, and the Director thereof shall be required to oversee and ensure compliance with the Governing Principles stated below:

(1) Jobs.-

The incentivized activity and the exempt business shall promote the creation of new jobs.

(2) Sound Integration.-

The conceptual design and planning of the incentivized activity and the exempt business shall be carried out, first of all, taking into account environmental, geographical, and physical aspects, as well as the materials and goods that are abundantly available in the site where it is to be developed.

(3) Commitment to the Economic Activity.-

The incentivized activity and the exempt business shall acquire raw materials and products manufactured in Puerto Rico for the construction, maintenance, renovation or extension of the physical facilities thereof. If the purchase of said products cannot be financially justified when taking into account criteria such as the quality, quantity, price, or availability of these products in Puerto Rico, the Director may issue a certificate attesting to such fact.

(4) Commitment to Agriculture.-

The incentivized activity and the exempt business shall not affect and/or mitigate any adverse effect that the operation thereof in land of high agricultural significance may have. The Director shall evaluate the particularities of each case and may issue a certificate attesting to such fact.

(5) Transfer of Knowledge.-

The incentivized activity and the exempt business shall acquire services from professionals or enterprises with a presence in Puerto Rico. However, if this is not possible due to criteria such as availability, experience, specificity or skill, or any other valid reason recognized by the Director, the exempt business may acquire such services through an intermediary with a presence in Puerto Rico, which shall contract directly with the service provider chosen by the exempt business, in order to receive the requested services.

The term ‘Services’ shall mean, but the list below shall not be construed as limiting the Director to include others by regulations, as the contracting of jobs related to:

(A) surveying, production construction plan, as well as engineering and architectural designs, and related services;

(B) construction and all that pertains to this sector;

(C) financial, environmental, technological, scientific, management, marketing, human resources, information technology, and auditing consulting services;

(D) advertising, public relations, commercial art, and graphic design services; and

(E) security or facility maintenance.

(6) Financial Commitment.-

The incentivized activity and the exempt business shall submit proof that they use the services of, and that they deposit a significant amount of the income derived from their economic activity in, banking and/or cooperative institutions with a presence in Puerto Rico. If the financial activity cannot be financially justified when taking into account criteria such as the availability or accessibility of these institutions in Puerto Rico, the Director may issue a certificate attesting to such fact.

The Director of the Industrial Tax Exemption Office shall be the sole official responsible for verifying and ensuring that the incentivized activity and the exempt business meet the eligibility requirements established in this Section and all other provisions of this Act, except for the provisions of the Green Energy Fund.

If the exempt business partially meets the requirements established in this Section, the Director shall be required to establish a formula that allows for the quantification of the aforementioned factors, and for the subtraction of the requirement that has not been met from the total percentage of the specific credit, in order to obtain the exact percentage of the benefit in question.

The Governing Principles set forth in this Section shall apply to every incentivized activity or exempt business that applies for any of the benefits granted under this Act as of December 1st, 2015. However, the provisions of this Section shall not apply to any request for renegotiation and/or conversion of a decree, as authorized in Section 6 of this Act made by any exempt business that has not been signed and completed prior to the aforementioned date.”

(b) Duties of the Director, Certificate of Compliance.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted by this Act, the Department of Economic Development and Commerce, the Industrial Tax Exemption Office, and

the Director thereof shall be required to oversee and ensure that the Governing Principles provided in subsection (a) of this Section, as well as the remaining provisions of this Act are complied with.

The Director shall be responsible for verifying and ensuring that the exempt businesses meet the requirements established in this Act, particularly those set forth in subsection (a) of this Section. If the exempt business fails to meet one or more of the requirements established in subsection (a) of this Section due to criteria such as quality, quantity, price, or availability in Puerto Rico, among other factors that, in the judgment of the Director, hinder, impair, or prevent the successful operation of the incentivized activity within reasonable parameters, the Director may issue a certificate attesting to such fact, exempting the exempt business, in whole or in part, from meeting the requirement in question.

If the exempt business fails to fully meet the requirements of subsection (a) of this Section, and fails to qualify for any of the exceptions to such provision, the Director shall be responsible for establishing a formula that allows for the quantification of the factors set forth in said Section, and for the subtraction of the requirement that has not been met from the total percentage of the specific benefit or incentive granted by this Act, in order to obtain the exact percentage of the benefit or incentive in question.

The Director shall be required and responsible for preparing a Certificate of Compliance annually, once the exempt business validate, in the judgment of said official, that it has met the requirements set forth in subsection (a) of this Section and complied with the other provisions of this Act. The Director shall verify the information submitted by exempt businesses annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the exempt business: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Executive Director through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for granting the benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Director to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act following the ordinary process. The filing of the Certificate of Compliance by the exempt business shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM, Spanish acronym), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Act shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided by this Section. The Director shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any

other government official or body, or public corporation concerned, in connection with any of the benefits or incentives granted under this Act may contact the applicant and the Director should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude, in any manner, the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

- (c) ...
- (d) ...
- (e) ...
- (f) ...
- (g) ...
- (h) ...”

Section 95.- A new subsection (h) is hereby added to Section 4 of Act No. 159-2011, as amended, to read as follows:

“Section 4.-

- (a) ...
- (h) Term to Request Credit.- The Authority shall not accept requests for nor grant credits under this Section for taxable years beginning after December 31st, 2015.”

Section 96.- Section 9 of Act No. 159-2011, as amended, is hereby amended to read as follows:

“Section 9.- Effectiveness.-

This Act shall take effect after its approval. Any request for credit under Section 21 of Act No. 70 of June 23, 1978, as it was in effect immediately before the approval of this Act that had been filed but not granted prior to the effective date of this Act, may be processed, at the choice of the applicant, under this Act. The Authority shall not accept requests for nor grant credits under Section 4 for taxable years beginning after December 31st, 2015.”

Section 97.- Subsection (g) of Section 2 of Act No. 216-2011, as amended, is hereby amended to read as follows:

“Section 2.- Definitions.

For purposes of this Act, the following terms and phrases shall have the meaning stated below:

(a) ...

(g) ‘Eligible Housing’: means a newly-built property, as defined in subsection (a)(1) of this Section.

(h) ...”

Section 98.- Subsection (d) of Section 3 of Act No. 216-2011, as amended, is hereby amended to read as follows:

“Section 3.- Special Tax to Any Individual, Estate, Corporation, Partnership or Trust on Net Long-term Capital Gain.-

(a) ...

(d) Gains from the Sales of Eligible Housing.-

(1) The total net long-term capital gain generated by the sale of Eligible Housing shall be exempt from the payment of the alternate base tax and the alternative minimum tax provided in the Code when such Eligible Housing is

acquired by the seller or a Qualified Institutional Investor as of July 1st, 2013, but on or before December 31st, 2017. It is hereby provided that this exemption shall likewise apply to an acquirer who purchases an Eligible Housing unit from a Qualified Institutional Investor, provided that it is the first sale made by the Investor after the his initial acquisition.

(e) ...”

Section 99.- Subsection (b) of Section 4 of Act No. 216-2011, as amended, is hereby amended to read as follows:

“Section 4.- Use of the Losses from the Sale of Qualified Property.-

(a) ...

(b) Capital Loss Carry-over.- In the event that the taxpayer has a net capital loss generated from the sale of a Qualified Property made after November 1st, 2011, but on or before December 31st, 2017, the carry-over of such loss shall not be limited to the five (5) succeeding taxable years, but rather it may be carried over up to a maximum of fifteen (15) years, pursuant to subsection (a) of this Section.

(c) ...”

Section 100.- Subsection (b) of Section 5 of Act No. 216-2011, as amended, is hereby amended to read as follows:

“Section 5.- Real Property Tax Exemption.-

(a) ...

(b) Any acquirer or Qualified Institutional Investor that acquires an Eligible Housing from July 1st, 2013, but not later than on December 31st, 2017 shall be fully exempt from real property tax imposed pursuant to the provisions of Act No. 83-1991, as amended, for a term of five (5) years with respect to such property. The exemption shall be for a maximum term of five (5) years and shall be applicable as of January 1st, 2011 and ending not later than December 31st, 2022. It is hereby provided that this exemption shall likewise apply to any acquirer that buys an

Eligible Housing unit from a Qualified Institutional Investor, provided that it is the first sale made by the Investor after the his initial acquisition.”

Section 101.- Subsection (c) of Section 6 of Act No. 216-2011, as amended, is hereby amended to read as follows:

“Section 6.- Exemption from the Collection of Fees and Duties for Public Instruments.-

(a) ...

(c) Eligible Housing

(1) All parties involved in a sale, including but not limited to the Qualified Institutional Investor, carried out after July 1st, 2013, but before December 31st, 2017, of an Eligible Housing shall have a one hundred percent (100%)-exemption from the payment of all fees for internal revenue stamps and vouchers required by law for the execution of public instruments and their presentation and registration in any Government Property Registry with respect to the sale, purchase, lease, financing, and constitution of mortgage of the Eligible Housing. However, from the fees and duties herein exempt, the notary stamp that all notaries shall adhere to every original deed and in the certified copies thereof issued, as well as the stamps cancelled in favor of the Legal Aid Society pursuant to Act No. 35-1998, as amended, and Act No. 244-2004, as amended, are hereby excluded, and shall be collected and paid as it may correspond. It is hereby provided that this exemption shall likewise apply to any acquirer that buys an eligible housing unit from a Qualified Institutional Investor, provided that it is the first sale made by the Investor after the his initial acquisition.”

(d) ...”

Section 102.- Subsections (f) and (g) of Section 3 of Act No. 20-2012, as amended, are hereby amended to read as follows:

“Section 3.- Definitions.-

For purposes of this Act, the following terms, phrases, and words shall have the meaning and scope stated below, except when it is otherwise clearly indicated, and terms used in the singular form shall also include the plural form, and vice versa:

(a) ...

(f) Eligible Business.- Any entity with an office or *bona fide* establishment located in Puerto Rico which carries out or may carry out, eligible services that are, in turn, considered services for export or promoter services shall be considered an eligible business.

An eligible business that renders eligible services or promoter services may also engage in any other activity, trade, or business insofar as it keeps, at all times, a system of books, records, documentation, accounting, and billing that clearly shows, to the satisfaction of the Secretary and the Secretary of the Treasury, all income, costs, and expenses incurred while rendering eligible services or promoter services. The activity that consists of rendering services as an employee does not qualify as an eligible business.

An eligible business that has been operating in Puerto Rico before submitting its decree application shall be subject to the limitations regarding base period income established in subsection (c) of Section 4 of this Act.

The Secretary shall establish, through regulations, the circumstances and conditions under which any applicant who receives or has received tax benefits or incentives under Act No. 73-2008, Act No. 135-1997, as amended, Act No. 8 of January 24, 1987, as amended, any previous or subsequent tax incentives law, or any other special law of the Commonwealth of Puerto Rico that provides benefits or incentives similar to those provided herein, as determined by the Secretary in

consultation with the Secretary of the Treasury, may be considered as an eligible business under this Act. Under no circumstance may an applicant be considered an eligible business when claiming tax benefits or incentives in connection with the services covered under this Act.

(g) New Business.- An entity that complies with the following parameters:

(i) ...

(vii) Carries out an activity, trade, or business designated by the Secretary and the Secretary of the Treasury through regulations, circular letter, or any other document.

(h) ...”

Section 103.- A new subsection (a) is hereby added, current subsections (a), (b), (c), (d), and (e) are hereby renumbered as subsections (b), (c), (d), (e) and (f), respectively, and subsection (b) of Section 10 of Act No. 20-2012, as amended, is hereby amended to read as follows:

“Section 10.- Duties of the Secretary; Certificate of Compliance; Procedures.-

(a) Duties of the Secretary; Certificate of Compliance.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentives or benefits granted by this Act, the Department of Economic Development and Commerce and the Secretary thereof shall be required to oversee and ensure compliance with all the provisions of this Act. The Secretary shall be the sole official responsible for verifying and ensuring that eligible businesses meet the requirements of this Act; however, the Secretary may receive assistance from the Director of the Industrial Tax Exemption Office to carry out such task.

The Secretary shall be responsible for verifying and ensuring that eligible businesses meet the requirements established in this Act.

The Secretary shall be required and responsible for preparing a Certificate of Compliance annually, once eligible businesses validate, in the judgment of said official, that they have met the requirements set forth in this Act. The Secretary shall verify the information submitted by exempt businesses annually so that the Certificate of Compliance is issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the eligible business: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the ‘Puerto Rico Internal Revenue Code of 2011’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act.’

The Certificate of Compliance shall be issued by the Secretary through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act following the ordinary process. The filing of the Certificate of Compliance by an eligible business shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM, Spanish acronym), or any other government official or body, or public corporation concerned in connection with the qualification process for the granting of the benefits or

incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and Secretary should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, whenever necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.

(b) Ordinary Process.-

(i) Applications for Decree.-

Any person who...

For any applications for decree filed as of December 1st, 2015, the Secretary shall require applicants to create at least five (5) direct jobs, as an essential requirement to grant the decrees herein provided.

At the time of...

The Secretary may...

- (ii) ...
- (iii) Additional Provisions.-

(A) The Secretary shall, through the Exemption Office, require applicants for decree to submit sworn statements attesting to the facts stated, required, or pertinent, in order to determine whether such applicant's service operations, or proposed service operations, qualify under the provisions of this Act.

Beginning on December 1st, 2015, applicants shall be required to furnish every year the following information regarding the exempt business: the name of the business, the cadastre number of the property or properties connected to the business; the merchant registration number; the account connected to the business as required in the 'Puerto Rico Internal Revenue Code of 2011'; the employer identification number; and the information required by Act No. 216-2014, better known as the 'Fiscal Information and Permit Control Act.'

(B) ...

(C) ...

(D) ...

(E) The Secretary shall establish through the Exemption Office the systems needed to facilitate the electronic filing and transmission of applications and related documents, in order to expedite the interagency consideration of applications for decrees, validate that the agreements reached under the decrees have been honored, and that the requirements thereof have been met, and streamline processes in general.

(c) ...

(d) ...

(e) ...

(f) ...”

Section 104.- Subsection (f) of Section 12 of Act No. 20-2012, as amended, is hereby amended to read as follows:

“Section 12.- Periodic Reports to the Governor and the Legislative Assembly, Portal.-

(a) ...

(b) ...

(c) ...

(d) ...

(e) ...

(f) The Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico, attached to the Puerto Rico Institute of Statistics, shall be an electronic data repository that allows information relative to businesses holding a decree under this Act, and certificates of compliance to be stored, updated, and accessed by the agencies concerned, while safeguarding the confidentiality of such information. This information shall be used to oversee compliance with the conditions imposed on businesses holding a decree under this Act and to develop a marketing intelligence system that enables the Industrial Development Company to identify and help in a timely manner those eligible businesses or businesses holding a decree in a precarious situation, as well as to establish promotion strategies.”

Section 105.- Subsection (d) of Section 13 of Act No. 20-2012, as amended, is hereby amended to read as follows:

“Section 13.- Reports Required from Exempt Businesses and their Shareholders or Partners.-

(a) ...

(b) ...

(c) ...

(d) Every eligible businesses holding a decree granted under this Act shall file annually with the Exemption Office a report authenticated by the signature of the President, managing partner, or his authorized representative, along with a copy to the Secretary, the Secretary of the Treasury, and the Executive Director not later than thirty (30) days after filing the corresponding income tax return. Said report shall include an account of data ascertaining compliance with the conditions established in the decree for the taxable year immediately preceding the filing date thereof, including, but not limited to the following: average number of jobs, services covered under the decree, the name of the business, the cadaster number of the property or properties connected to the business; the merchant registration number, the account connected to the business as required by the ‘Puerto Rico Internal Revenue Code’; the employer identification number; the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as well as any other information that may be required in the form to be adopted for such purposes or through regulations. The report shall enclose the payment of the fees provided for through regulations, by postal money order, cashier’s or certified check payable to the order of the Secretary of the Treasury. The information provided in this annual report shall be used for statistical and economic research purposes, as provided in this Act. Likewise, the Secretary, through the Industrial Tax Exemption Office shall conduct an audit annually to ascertain compliance with the terms and conditions of the decree granted under this Act. Thus, an audit process shall be adopted within a term of sixty (60) days after the effective date of this Act for such purposes. The Tax Exemptions Office shall be empowered to charge for said audits.

The fees in effect for the annual reports under Act No. 73-2008, as amended, shall apply to the reports to be filed by exempt businesses under this Act until the first regulation promulgated under these provisions is approved.

(e) ...”

Section 106.- Subsection (a) of Section 3 of Act No. 22-2012, as amended, is hereby amended to read as follows:

“Section 3.- Responsibilities of the Secretary, Certification of Compliance, Procedures.-

(a) Responsibilities of the Secretary, Certification of Compliance.-

In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentive or benefit granted under this Act, the Department of Economic Development and Commerce and the Secretary thereof shall be required to oversee and ensure compliance with all the provisions of this Act. The Secretary shall be the official responsible for verifying and ensuring that Resident Individual Investors meet the eligibility requirements provided for in this Act; however, the Secretary may receive assistance from the Director of the Industrial Tax Exemption Office to carry out this task

The Secretary shall be responsible for verifying that Resident Individual Investors meet the requirements established in this Act.

The Secretary shall be required and responsible for preparing a Certificate of Compliance annually, once Resident Individual Investors validate, in the judgment of said official, that they have met the requirements set forth in this Act. The Secretary shall verify the information submitted by Resident Individual Investors annually so that the Certificate of Compliance may be issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding Resident Individual Investors: his name and the name of related business, the cadaster number of the property or properties connected to the incentivized activity; the merchant registration number; the related account as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

The Certificate of Compliance shall be issued by the Secretary through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Secretary to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting the benefits or incentives under this Act following the ordinary process. The filing of the Certificate of Compliance by a Resident Individual Investor shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM, Spanish acronym), or any other government official or body, or public corporation concerned, in connection with the qualification process for granting benefits or incentives under this Act, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Secretary shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Act. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government

official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Secretary should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center may deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the appropriate agency or public corporation for the corresponding action.

To benefit from the incentives provided under this Act, any Resident Individual Investor shall request, in accordance with this Act, a tax exemption decree to the Secretary upon filing a duly-sworn application with the Exemption Office. At the time of the filing of the application, the Director shall collect the corresponding processing fees prescribed by regulations. Such fees shall be paid in the manner and form prescribed by the Secretary. Once the Exemption Office issues a favorable recommendation, the Secretary shall issue the tax exemption decree, through a Certificate of Compliance, stating in detail the tax treatment provided in this Act. Decrees under this Act shall be deemed to be an agreement between the grantee and the Commonwealth of Puerto Rico, and such agreement shall be the law between the parties. The decree shall be valid during the effective term of the benefits granted under this Act, but shall never be later than December 31, 2035, unless the decree is

revoked in accordance with subsection (b) of this Section before the expiration of said effective term. Decrees are not transferrable.

For applications for decrees filed after December 1, 2015, the Secretary shall require the applicants, as an essential requirement to grant the decrees established herein, that the Resident Individual Investor acquire a residential property in Puerto Rico and to open a personal or business account in a bank or cooperative with a presence in Puerto Rico.

(b) ...”

Section 107.- Section 6 of Act No. 22-2012, as amended, is hereby amended to read as follows:

“Section 6.- Reports Required to Resident Individual Investors.-

Any Resident Individual Investor who holds a decree issued under this Act shall file annually an authenticated report with the Exemption Office and a copy thereof with the Secretary of the Treasury thirty (30) days after the filing of the income tax return with the Department of the Treasury including any extension thereof. The Executive Director of the Exemption Office may grant a thirty (30)-day extension if so requested in writing before the deadline to file the Report, provided there is just cause therefor and it is so stated in the request. Said report shall include a relation of data showing compliance with the conditions under the decree for the taxable year immediately preceding the filing date, his name and the name of related business, the cadaster number of the property or properties connected to the incentivized activity; the merchant registration number; the related account as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable, as well as any other information required by Regulations, including the payment of annual fees. Fees shall be paid in the manner prescribed by the Secretary through Regulations. The

information provided in said annual report shall be used for statistical purposes and economic analyses. Likewise, the Exemption Office shall conduct an audit annually to ascertain compliance with the terms and conditions of the decree issued under this Act.”

Section 108.- Section 10 of Act No. 22-2012, as amended, is hereby amended to read as follows:

“Section 10.- Rulemaking Authority.-

The Secretary shall prescribe by regulations, circular letter, or administrative determination the guidelines for the interpretation and implementation of the provisions of this Act. Any regulatory provisions that are amended or adopted in accordance with this Act shall not be subject to the applicable provisions of the Uniform Administrative Procedure Act, as amended.”

Section 109.- A new subsection (l) is hereby added to Section 3.1 of Act No. 1-2013, as amended, to read as follows:

“Section 3.1.- Energy Credit to Incentivize Job Creation.-

(a) ...

(l) The Electric Power Authority shall process the credit provided for herein through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico. However, during the period in which the Portal is still not operating, it shall be the duty of the Electric Power Authority to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act following the ordinary process.”

Section 110.- Section 4.1 of Act No. 1-2013, as amended, is hereby amended to read as follows:

“Section 4.1.- Authorization to Enter into Special Job Creation Agreements.-

The Executive Director shall sign Special Job Creation Agreements, in representation of the Government, with Eligible Businesses that meet the criteria and comply with the procedures established in this Act. In the evaluation, analysis, consideration, award, renegotiation, and revision of any incentive or benefit granted under this Act, the Puerto Rico Trade and Export Company and the Executive Director thereof shall be required to oversee and ensure compliance with all the provisions of this Act. The Executive Director shall be the official responsible for verifying and ensuring that eligible business meet the requirements of this Chapter IV.

The Executive Director shall be required and responsible for preparing annually a Certificate of Compliance of Special Job Creation Agreements, once eligible business validate, in the judgment of said official, that they have met the requirements set forth in this Chapter IV and this Act. The Executive Director shall verify the information submitted by eligible business annually so that the Certificate of Compliance may be issued not later than on the fifteenth (15th) day of the second (2nd) month after the close of the taxable year of the applicant.

The Certificate of Compliance shall include, in turn, the following information regarding the eligible business: name of the business, the cadaster number of the property or properties connected to the business; the merchant registration number; the related account as required in the ‘Puerto Rico Internal Revenue Code’; the employer identification number; and the information required by Act No. 216-2014, better known as the ‘Fiscal Information and Permit Control Act,’ as applicable.

The Certificate of Compliance shall be issued by the Executive Director through the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico to the agencies, public corporations, and municipalities responsible for granting benefits or incentives under this Act. However, during the period in which the Portal is still not operating, it shall be the duty of the Executive Director to issue a Certificate of Compliance to the agencies, public corporations, and municipalities responsible for granting the benefits or incentives under this Act following the ordinary process. The filing of the Certificate of Compliance by an eligible business shall be an essential requirement for the agency, public corporation, or municipality to grant the benefit or incentive provided for in this Act.

Actions taken by the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned, in connection with the qualification process for the granting of the benefits or incentives under this Chapter IV, shall be limited to the taxation aspects of the granting of the benefit or incentive in question, upon the issuance of a valid Certificate of Compliance, as provided in this Section. The Executive Director shall be responsible, first and foremost, for overseeing eligibility under any and all provisions of this Chapter IV. However, the Secretary of the Department of the Treasury, the Executive Director of the Municipal Revenues Collection Center (CRIM), or any other government official or body, or public corporation concerned with any of the benefits or incentives granted under this Act may contact the applicant and the Executive Director should further information be needed to validate the data on the Certificate of Compliance, and shall notify and request the applicant to supply such information in order to rectify the situation. The Secretary of the Department of the Treasury or the Executive Director of the Municipal Revenues Collection Center (CRIM) may

deny any tax incentives or benefits requested if, in their judgment, the information requested has not been supplied. Moreover, the provisions of this Act shall not preclude in any manner the power conferred to the Secretary of the Treasury under Section 6051.02 of Act No. 1-2011, as amended, known as the ‘Puerto Rico Internal Revenue Code of 2011’; and, if necessary, the power to revoke any incentives previously granted by virtue of a Certificate of Compliance, in accordance with the corresponding Act; or the power to refer the case to the pertinent agency or public corporation for the corresponding action.”

Section 111.- Subsection (b) of Section 4.8 of Act No. 1-2013, as amended, is hereby amended to read as follows:

“Section 4.8.- Procedure for Granting Special Job Creation Agreements.-

(a) ...

(b) The Company shall have thirty (30) calendar days as of the receipt of the application to enter into an Agreement and shall not require endorsement from any other agency to enter into such Agreement. The Company shall process the all that pertains to the award of Special Job Creation Agreements through a Certificate of Compliance via the Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico. Moreover, the Company shall remit a copy of the Agreement to the Department of the Treasury, the Municipal Revenue Collection Center, the Industrial Development Company, and the municipality where the Eligible Business operates to be included in the records of the different government entities.

(c) ...”

Section 112.- Section 5 of Act No. 68-2013, as amended, is hereby amended to read as follows:

“Section 5.- Rulemaking Authority and Registration.-

The Secretary of the Treasury, with the advice of the Director of the Housing Finance Authority, shall establish through Circular Letter or Administrative Determination, the criteria, parameters, and guidelines needed for the implementation of the provisions of these amendments to the ‘Housing Market Boost Program’s Transition Act.’

The Director of the Housing Finance Authority shall be in charge of establishing the Eligible Housing Units Register and conforming the same to the provisions of this Act, within a term that shall not exceed thirty (30) calendar days after the approval of this Act. The Register herein established, as revised or adjusted, shall be essential at the time of granting the incentives provided in this Act.

The regulatory provisions amended or adopted in accordance with this Act shall not be subject to the applicable provisions of Act No. 170 of August 12, 1988, as amended, better known as the ‘Uniform Administrative Procedures Act.’”

Section 113.- Moratoria.-

None of the provisions of this Act implicitly nullifies, voids, eliminates or repeals any moratoria on the tax credits established in Sections 1051.11 and 1051.12 of Act No. 1-2011, as amended, known as the “Internal Revenue Code for a New Puerto Rico.”

Section 114.- Special Provisions Relating to Section 101.-

The exemption from the collection of fees and duties for public instruments herein provided in Section 101 generated exclusively from September 1, 2015 to the date of approval of this Act shall be processed as a tax credit and be prorated, on equal portions, for the first two (2) taxable years beginning after December 31st, 2015. The Secretary of the Treasury shall determine the form and manner of

claiming said credit by means of a bulletin, circular letter, administrative determination, or any other official document.

Section 115.- Severability.-

If any section, subsection, paragraph, subparagraph or part, of this Act were held to be null or unconstitutional by any Court with jurisdiction, the remaining provisions of this Act shall remain in full force and effect.

Section 116.- Effectiveness.-

This Act shall take effect immediately after its approval; however, the provisions of Sections 69 through 80 shall become effective January 1, 2016, and the provisions of Sections 97 through 101, shall be effective for transactions carried out after September 1, 2015.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 187-2015 (H. B. 2504)** (**Conference**) of the **6th Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to create the “Interagency Validation Portal for the Granting of Incentives for the Economic Development of Puerto Rico Act;” attach said Portal to the Puerto Rico Institute of Statistics; establish the responsibilities and powers of said dependency; establish the public policy, definitions, and fundamental principles, powers, duties, and responsibilities of the agencies, dependencies, instrumentalities, municipalities, and public corporations of the Commonwealth of Puerto Rico; provide for the allocation of funds in order to, etc.

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

In San Juan, Puerto Rico, on this 31st day of October, 2016.

Juan Luis Martínez Martínez
Director