

(S. B. 1499)

**(No. 202-2016)**

(Approved December 28, 2016)

## **AN ACT**

To add a new subparagraph (G) to paragraph (2) of subsection (g) of Section 1081.02 of Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” in order to exclude from the application of the ten percent (10%)-penalty any distributions of funds from Individual Retirement Accounts (IRA) when these are used to acquire a renewable energy system for a residence to reduce high energy costs through the use of efficient and environmentally friendly technology; and for other purposes.

### **STATEMENT OF MOTIVES**

Puerto Ricans pay a high price for energy consumption due to our dependence on crude oil for the generation thereof, among other reasons. Crude oil is an imported good that drains millions of dollars of our fragile economy. For such reason, it is necessary to enable the use of economic, renewable, and environmentally friendly energy sources.

There are efficient sources for energy generation that are less expensive than traditional sources. This Legislative Assembly has actively promoted a public policy that furthers the foregoing. Unfortunately, these initiatives have not materialized mainly due to the high initial investment required for the installation of alternative energy systems. Many families wish to benefit from using these systems to reduce the cost of energy, but they lack the resources to acquire them or even to make the down payment of the equipment. Therefore, this Act allows families with Individual Retirement Accounts to use the funds therein for the acquisition of a renewable energy system for their homes without the imposition of any penalties.

This Act allows citizens to reevaluate their savings alternatives to face the current economic crisis and to determine where their money may have a better yield to improve their quality of life and that of their families. However, this shall not be understood as a change in the public policy implicit in the Individual Retirement Accounts of promoting savings and retirement, but rather shall be a savings alternative for families.

For all of the foregoing, it is hereby promoted that Puerto Rican families are afforded the option to request a distribution of funds from their Individual Retirement Accounts without the application of the penalties established in Act No. 1-2011, as amended, known as the “Puerto Rico Internal Revenue Code of 2011,” as a tool to promote the use of renewable energy systems whereby families are able to achieve actual savings.

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

Section 1.- A new subparagraph (G) is hereby added to paragraph (2) of subsection (g) of Section 1081.02 of Act No. 1-2011, as amended, to read as follows:

“Section 1081.02.- Individual Retirement Accounts

(a) ...

...

(g) ...

(1) ...

(2) ...

(A) ...

...

(G) In those cases in which the taxpayer withdraws up to a maximum amount of twenty thousand dollars (\$20,000) for the acquisition of an efficient, environmentally friendly renewable energy system for his residence, that is, any personal property or equipment, or a combination thereof, that produces

energy from renewable sources, namely: solar, wind, geothermal, ocean thermal, or hydroelectric energy, or energy from renewable fuels, not including fossil fuels. This withdrawal may be carried out once (1) every ten (10) years.”

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