

(H. B. 1891)

(No. 72-2014)

(Approved July 1, 2014)

AN ACT

To amend Section 6 of Act No. 116-2013 in order to suspend the effectiveness of Sections 2 and 4 of said Act, which increase the amount of the Sales and Use Tax revenues deposited in the Dedicated Sales Tax Fund to the beginning of the fiscal year following the date on which the Puerto Rico Dedicated Sales Tax Financing Corporation issues bonds or notes whose source of repayment is contingent upon such increase.

STATEMENT OF MOTIVES

Since the beginning of this Administration, the Legislative Assembly has taken affirmative action to address the most serious issues that were affecting the credit of Puerto Rico. One of these issues was a General Fund structural deficit of approximately two billion two hundred million dollars (\$2,200,000,000). In order to finance deficits from previous fiscal years and address other needs of the Commonwealth of Puerto Rico (hereinafter “ELA”) in the most cost-effective manner possible, on October 10, 2013, this Legislative Assembly approved Act No. 116-2013 for the purpose of increasing the Puerto Rico Dedicated Sales Tax Financing Corporation’s (hereinafter “COFINA”) capacity to issue bonds and provide the necessary financing mechanisms to satisfy ELA’s financing needs. Since COFINA is the financing tool with the best credit rating in Puerto Rico, at that time it was deemed that it would be the most effective manner to finance financial needs.

On March 2014, ELA, with the recommendation of the Government Development Bank for Puerto Rico (hereinafter the “GDB”) decided to tap into the market by issuing ELA bonds rather than COFINA bonds. Said issue, which amounted to three billion five hundred million dollars (\$3,500,000,000), addressed the financial needs of ELA that were intended to be addressed through a COFINA issue during Fiscal Year 2013-2014. Therefore, this Legislative Assembly does not deem it necessary that the increase in the amount of the Sales and Use Tax revenues deposited in the Dedicated Sales Tax Fund legislated under Act No. 116-2013 be effective immediately. As the GDB has publicly stated, neither ELA nor its instrumentalities, including COFINA, intend to tap into the stock market through a bond issue during this fiscal year. In light of this situation, the Legislative Assembly deems it prudent that the General Fund receives the Sales and Use Tax revenues transferred to COFINA under Act No. 116-201, until such revenues are needed to repay any bond or note issued by COFINA in the future. When that time comes, the transfer to COFINA of the Sales and Use Tax revenues and the use therefor contemplated under Act No. 116-2013 shall be effective.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Section 6 of Act No. 116-2013 is hereby amended to read as follows:

“This Act shall take effect immediately after its approval; provided, that the effectiveness of Section 2 and 4 of this Act shall be subject to COFINA’s bond issues or any other type of financing whose source of repayment is contingent upon such increase, in which case, Sections 2 and 4 shall take effect at the beginning of the fiscal year following the date of COFINA’s bond issue or refinancing. The President of the Government Development Bank for Puerto Rico shall certify to the Secretary of the Treasury and to the trustee of the COFINA bonds the date of said COFINA issue or financing.”

Section 2.- Separability.-

If any section, subsection, paragraph, subparagraph, clause and subclause or part of this Act were held to be null or unconstitutional by a competent court, the holding to such effect shall not affect, impair, or invalidate the remaining provisions and parts of this Act.

Section 3.- This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 72-2014 (H. B. 1891)** of the **3rd Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to amend Section 6 of Act No. 116-2013 in order to suspend the effectiveness of Sections 2 and 4 of said Act, which increase the amount of the Sales and Use Tax revenues deposited in the Dedicated Sales Tax Fund to the beginning of the fiscal year following the date on which the Puerto Rico Dedicated Sales Tax Financing Corporation issues bonds or notes whose source of repayment is contingent upon such increase.

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

In San Juan, Puerto Rico, on this 3rd day of July, 2015.

Juan Luis Martínez Martínez
Acting Director