

(S. B. 1513)
(Conference)

(No. 208-2015)

(Approved December 8, 2015)

AN ACT

To create the “Puerto Rico Fiscal Oversight and Economic Recovery Organic Act,” in order to establish the public policy, definitions, and rules of interpretation of this Act; create the “Fiscal Oversight and Economic Recovery Board”; require the filing of a consolidated five-year Fiscal and Economic Growth Plan for the Commonwealth of Puerto Rico with said Board; require the Board to review and approve the Fiscal and Economic Growth Plan if the objectives of this Act are met; require certain government entities to file their annual budgets with the Board for the latter to determine whether such budgets comply with the Fiscal and Economic Growth Plan, require the Board to certify compliance with approved budgets, and impose certain expenditure control mechanisms; amend Sections 3 and 4 of Act No. 147 of June 18, 1980, as amended, better known as the “Office of Management and Budget Organic Act”; amend Section 4 of Act No. 230 of July 23, 1974, as amended; and for other purposes.

STATEMENT OF MOTIVES

Puerto Rico, as a country, is the result of the hard labor and effort of its citizens. Thanks to our character and perseverance, as a people, we have faced and overcome economic, social, and political challenges throughout our history. It is a well-known fact that, for the last ten years, Puerto Rico has been undergoing an unprecedented economic challenge. There are many reasons that have contributed to our current economic reality. Among such reasons are, for instance, the completion of Section 936 phase out, which entailed the loss of over 150,000 direct and indirect jobs in the manufacturing sector. Other reasons include, the government shut down in fiscal year 2006; the financial crisis of fiscal year 2008-2009; the passing and implementation of Act No. 7-2009; the increase in crude oil

price, which doubled between 2005 and 2012; among others, worsened our current economic recession.

On the other hand, the GDB has played a key role in the economic and social development of Puerto Rico since its creation in 1942. As it was constituted, the GDB is the main fiscal agent and financial advisor of the Commonwealth and its instrumentalities. Likewise, the GDB has provided financing mechanisms to public and private entities to further the economic development of the Island. However, as a result of questionable fiscal practices engaged in the past, the Bank is currently facing liquidity issues that prevent it from providing more financing to make up the deficit of the Commonwealth of Puerto Rico or its public corporations. The net liquidity of the GDB, which mainly consists of cash, bank deposits, and its investment portfolio, significantly decreased during the last calendar year, from \$3.0 billion as of June 30th, 2014, to approximately \$778 million as of May 31st, 2015. Similarly, the Central Government and the Department of the Treasury lack the resources or the liquidity to make up such operating budget deficits.

The foregoing adds up to the effects of the downgrading of practically every debt issued by the Commonwealth entities to junk status, which in some cases, triggered the acceleration of certain Commonwealth obligations, the termination of lines of credit, or the need to pledge cash collateral to secure the payment of certain bonds. This situation, in addition to other obligations that, under their own terms, are about to mature, dramatically limit the Commonwealth's liquidity and its ability to cover all the budget appropriations of this and the next fiscal year.

Aware of the gloomy scenario of the Commonwealth's public finances and the Island's battered economy, this Administration took the reins by taking affirmative action to counteract the detrimental effects thereof. Since the beginning, this Administration proposed, passed, and implemented legislation directed to counteracting the Government's fiscal issues. Act No. 3-2013 was

approved for the purpose of closing the actuarial gap in the Retirement System of the Employees of the Government of the Commonwealth of Puerto Rico. Likewise, it approved Act No. 66-2014, better known as the “Government of the Commonwealth of Puerto Rico Special Fiscal and Operational Sustainability Act,” in order to declare a state of fiscal emergency to attain fiscal and economic recovery after the downgrading of its credit rating and decrease in revenues that affect the Commonwealth’s liquidity, thus safeguarding the constitutional mandate for the payment of interest and amortization of the public debt. Moreover, this Administration approved Act No. 160-2013, to reform the Commonwealth of Puerto Rico Teacher’s Retirement System as well as Act No. 162-2014 [sic] to reform the Judiciary Retirement System, among other important measures.

With regard to the budget process of the last three fiscal years, this Administration passed a balanced budget, cut back on spending by \$2.5 billion (including the payment of debt) and downsized the Government workforce to approximately 18,000 employees, thus reducing payroll expenses. The foregoing was achieved without dismissing public employees; this legislative measure will continue to comply with said public policy. Thus, since the beginning, this Administration has been proactive in taking drastic measures to reduce the effects of the Government’s fiscal crisis and of Puerto Rico’s economy.

In spite of the implemented measures, there are still doubts regarding the fiscal sustainability of the Commonwealth’s debt—given its magnitude— and regarding the credibility of its fiscal policies.

The Commonwealth’s successful transformation requires revitalizing the economic growth. The structural rigidity has compromised our competitiveness and has plunged us into economic stagnation. To solve these problems, it is critical to take a full and integrated approach that includes more fiscal adjustments, structural reforms, and debt reduction. Changes in policy whose sole purpose is to face the fiscal situation or the Commonwealth’s debt are not enough to restore trust

and boost economic growth. It is essential to implement an integrated fiscal and economic plan for the Commonwealth to change its course.

To solve their respective fiscal crisis, other United States jurisdictions, such as Washington, DC (District of Columbia), New York City, Miami, and Philadelphia were imposed financial oversight authorities with objectives similar to those proposed in this Act. These efforts helped said jurisdictions to restore their financial health and allowed them to tap into debt markets. Although these precedents provide useful legal and conceptual frameworks, the case of the Commonwealth poses unique constitutional challenges, given the fact that, unlike the foregoing cases, in our case it is the sovereign state that is self-imposing a fiscal oversight board.

In our jurisdiction, the Constitution of the Commonwealth of Puerto Rico explicitly recognizes reason of state (*raison d' État*) in its Article II, Section 19, which establishes the authority to enact laws for the protection of the life, health, and general welfare of the people"; See, also, *Domínguez Castro v. E.L.A.*, 178 D.P.R. 1 (2010). Therefore, the Commonwealth has the authority to rule under its own Constitution and may resort to reason of state to adopt, apply, and enforce an economic recovery and fiscal adjustment plan when there is an economic emergency. Given the fiscal emergency the Commonwealth and its public corporations are currently facing, this Act constitutes a reasonable and necessary exercise of the reason of state to protect the life, health, and general welfare of the people and ensure the continuity of essential services provided by the government.

In brief, this Act is designed to address the Commonwealth's immediate fiscal crisis, restore the people and the markets' trust, and promote economic growth, without dismissing public employees, thus complying with this Administration's policy. To achieve this, the provisions of this measure include the creation of an independent nonpolitical-partisan entity composed of five members that shall be known as the "Fiscal Oversight and Economic Recovery Board" (the

“Board”). The Board shall receive and endorse a consolidated five-year Fiscal and Economic Growth Plan (the “Plan”), for the Commonwealth and its instrumentalities, which shall meet the objectives set forth in this Act.

For all of the foregoing, this Administration is committed to devise a five-year fiscal recovery and economic growth plan; enact legislation to ensure compliance therewith; and create a fiscal oversight board. This measure shall allow the Commonwealth and its instrumentalities to implement a comprehensive fiscal adjustment and economic recovery strategy.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

CHAPTER 1.- GENERAL PROVISIONS AND DEFINITIONS

SECTION 101.- SHORT TITLE.-

This Act shall be known and may be cited as the “Puerto Rico Fiscal Oversight and Economic Recovery Organic Act.”

SECTION 102.- DEFINITIONS.-

The following terms shall have the meaning stated below:

a) “GDB” - means the Government Development Bank for Puerto Rico, or any successor entity that carries out the same duties of said entity after the effective date of this Act.

b) “Public Corporation” - means any entity created by the laws of the Commonwealth as a public corporation of the Commonwealth of Puerto Rico.

c) “Compliance with the Budget” - shall have the meaning set forth in Section 210(c) of this Act.

d) “Projected Deficit” - shall have the meaning set forth in Section 211. A. of this Act.

e) “Supervised Entity” - shall mean any public entity, regardless of whether it is partially or totally funded with the Budget of the Commonwealth and public corporation of the Commonwealth of Puerto Rico. Provided, that it shall not include the Judicial Branch, the Legislative Assembly and the agencies thereof, the Office of the Comptroller, the Puerto Rico Government Ethics Office, the Office of the Special Independent Prosecutor’s Panel, the Electric Power Authority, or the Aqueduct and Sewer Authority.

f) “Working Group” - means the Working Group of the Executive Branch designated by the Governor.

g) “Treasury” - means the Department of the Treasury of the Commonwealth of Puerto Rico.

h) “Board” - means the Fiscal Oversight and Economic Recovery Board created in Section 201 of this Act.

i) “Act” - means the Puerto Rico Fiscal Oversight and Economic Recovery Organic Act.

j) “Non Budgetary Measure” - means any measure included in the Fiscal and Economic Growth Plan other than a measure to increase or reduce expenses or income.

k) “OMB” - means the Office of Management and Budget of the Commonwealth of Puerto Rico.

l) “Fiscal and Economic Growth Plan” or “Plan” - means the Fiscal and Economic Growth Plan approved by the Governor by means of an Executive Order in accordance with this Act.

m) “Budget of the Commonwealth” - means the operating expenses budget, special appropriations, capital expenditures, and other appropriations for any fiscal year approved by the Legislative Assembly in accordance with one or more appropriation laws or Joint Resolutions.

n) “Budget Control Reserve” - reserved funds of Supervised Entities in the Budget of the Commonwealth of Puerto Rico that represent 2.5% of the total operating expenses appropriations and special appropriations, which shall not be available for expenditures but rather transferred to an account under the custody of the Office of Management and Budget to be released in accordance with this Act.

SECTION 103.- DECLARATION OF PUBLIC POLICY.-

It is the public policy of this Legislative Assembly to promote structural reforms for the purpose of reestablishing the economic growth and competitiveness of the Commonwealth of Puerto Rico, as well as to close fiscal gaps and reduce the debt burden of Supervised Entities to sustainable levels and restore Puerto Rico’s institutional credibility by optimizing budget formulation and execution and information transparency.

This Act shall be interpreted consistently with the Constitution of the United States, the Constitution of the Commonwealth and the powers vested in the Governor and the Legislative Assembly thereunder.

SECTION 104.- APPLICABILITY OF OTHER LAWS.-

None of the provisions of this Act shall prevent a Supervised Entity from filing a petition for relief under Title 11 of the United States Code insofar as such agency is authorized therefor according to the applicable law.

Nothing in this Act shall prevent a Supervised Entity from seeking statutory protections regarding compliance with debt and economic recovery insofar as such agency is eligible to do so.

SECTION 105.- IMMUNITY AND FIDUCIARY DUTIES.-

The members of the Board shall not be held personally liable for an act done or omitted by them in good faith, in their capacity and within their authority, absent clear and convincing evidence of gross negligence involving reckless disregard of, and failure to perform their duties. Any civil action brought in any court against the members of the Board for gross negligence shall be dismissed

with prejudice if the defendant produces documents showing such defendant was advised of relevant facts, participated in person or by phone, and deliberated in good faith or received and relied on the advice of experts in respect of whatever acts or omissions from the basis of the complaint.

All actions of the Board and the members thereof shall be governed by the highest standards of loyalty, trust, care, competence, and diligence in benefit of taxpayers and the constituents of the Commonwealth of Puerto Rico. The members of the Board shall not represent any creditor or interests other than those of taxpayers and the constituents of the Commonwealth of Puerto Rico.

CHAPTER 2.- PUERTO RICO FISCAL OVERSIGHT AND ECONOMIC RECOVERY BOARD.-

SECTION 201.- CREATION OF THE BOARD AND GENERAL PROVISIONS.-

a) CREATION.- The Puerto Rico Fiscal Oversight and Economic Recovery Board is hereby created, established as a government instrumentality with juridical personality, as well as fiscal and administrative autonomy. The Board shall not be empowered to issue debt and shall operate with full independence and capacity to operate continuously, and shall be extinguished at 11:59 PM on the fifth anniversary of the date on which the Governor approves the Fiscal and Economic Recovery [sic] Plan.

b) EXCLUSION OF CERTAIN LAWS.- In order to promote its administrative independence, which is essential to carry out its critical duties entrusted herein, the Board shall be excluded from the application of the following laws:

i. Act No. 184-2004, as amended, known as the “Public Service Human Resources Administration Act of the Commonwealth of Puerto Rico”;

- ii. Act No. 45-1988, as amended, known as the “Puerto Rico Public Service Labor Relation Act”;
- iii. Act No. 265-2003, as amended, known as the “Act for Regulating Certain Government Financing and Personal Property Leasing Contracts”;
- iv. Act No. 147 of June 18, 1980, as amended, known as the “Office of Management and Budget Organic Act”;
- v. Act No. 170 of August 12, 1988, as amended, known as the “Commonwealth of Puerto Rico Uniform Administrative Procedures Act”;
- vi. Act No. 209-2003, as amended, known as the “Puerto Rico Institute of Statistics Act”;
- vii. Sections 5.1 through 5.10 of Act No. 1-2012, as amended, known as the “Puerto Rico Government Ethics Act of 2011”; and
- viii. Act No. 2 of February 23, 1988, as amended, known as the “Special Independent Prosecutor’s Act.”

c) SUPERVISION.- In accordance with this Act, the Board shall have the authority to certify that each Supervised Entity meets the objectives of the Plan.

SECTION 202.- MEMBERS OF THE BOARD.-

a) COMPOSITION.- The Board shall be composed of five (5) members appointed by the Governor with the advice and consent of the Senate.

b) GENERAL PROVISIONS ON THE MEMBERS OF THE BOARD.-

- i. Each member shall be entitled to one (1) vote.
- ii. Every member of the Board shall meet the qualifications described in subsection (c) of this Section.
- iii. Board members shall elect a Chairperson from among themselves by an affirmative vote of at least three (3) members.
- iv. In the event that a vacancy arises before the expiration of the term established in subsection (d) of this Section, the Governor shall designate a

person to fill such vacancy for the remainder of the term in accordance with this Section, with the advice and consent of the Senate.

v. Board members may be removed from office only by the Governor due to a violation of law that constitutes a felony or a misdemeanor involving moral depravity or with cause, which shall be limited to gross negligence in the performance of duty, misappropriation, act or omission done in bad faith (or involving willful misconduct or violation of the law), inability to carry out their duties due to a mental or physical illness, and any act for which a member has received an undue personal benefit.

c) **QUALIFICATION OF MEMBERS.**- All Board members shall meet the following qualifications:

i. Board members shall have knowledge, expertise, and, at least, ten (10) years of experience in any of the following fields: finance, management, law, social sciences, economy, or the organization or operation of business or government entities; provided, that, at least three (3) of the members of the Board shall be knowledgeable in the operations of the Government of the Commonwealth.

ii. Board members shall not hold, either directly or indirectly, obligations of any Supervised Entity or represent or advise in any way a direct holder of such obligations through shares in investment companies that have more than ten percent (10%) of their funds invested in said obligations;

iii. Board members, at the time of their appointment or within five (5) years before their appointment, shall not be serving or have served as director, official, contractor (but only those contractors involved in the debt restructuring process of the Commonwealth or any instrumentality as of the date of approval of this Act), or employee of any Supervised Entity.

d) **TERM OF OFFICE.**- Each Board member shall be appointed for a term of four (4) years; provided, that the initial term of the members shall be as follows:

- i. One (1) of the members shall be appointed for an initial term of two (2) years;
- ii. Two (2) members shall be appointed for an initial term of three (3) years; and
- iii. Two (2) members shall be appointed for an initial term of four (4) years.

Any member may be reappointed once his/her initial term has expired. Every member of the Board shall be impaired from representing or advising any bond or note holder of any Government Entity or any trustee thereof in any action or prior to any debt collection action or complaint for breach of contract related to said bonds or notes against any Government Entity within five (5) years after the date on which he/she ceased to be a member of the Board.

e) **COMPENSATION OF MEMBERS.**- The Board members shall be entitled to receive compensation in an amount to be determined by the Governor, which amount may not be reduced during the term of office. The amount of the compensation to be determined by the Governor shall be the same for all Board members.

SECTION 203.- OPERATIONS OF THE BOARD.-

a) **BEGINNING OF OPERATIONS.**- As soon as possible, after the appointment of all members, the Board shall approve, by an affirmative vote of at least three (3) members, the bylaws, rules, and procedures that shall govern its activities under this Act, including, but not limited to, rules applicable to the filing of documents and reports with the Board and the holding of meetings and hearings. Said bylaws, rules, and procedures shall be public documents.

b) **ACTIVITIES REQUIRING THE APPROVAL OF A MAJORITY OF MEMBERS.**- Under the regulations adopted in accordance with subsection (a) of this Section, the Board may carry out its duties in accordance with those procedures it deems appropriate; provided, that the affirmative vote of three (3) members of the Board shall be necessary for the Board to:

(A) endorse the Fiscal and Economic Growth Plan in accordance with this Act;

(B) certify compliance or noncompliance with the budget in accordance with this Act;

(C) issue a notice of noncompliance, a preliminary finding of noncompliance, or a finding of noncompliance under Section 210 of this Act;

(D) withdraw a notice of noncompliance, a preliminary finding of noncompliance, or a finding of noncompliance under Section 210 of this Act;

(E) appoint an executive director; and

(F) exercise its power to open and administer bank accounts.

c) **APPROVAL OF RULES AND BYLAWS.**- The Board may incorporate in its bylaws, rules and procedures adopted under this subsection, any rules and regulations it deems appropriate to operate under this Act with the highest degree of independence possible.

d) **MEETINGS OPEN TO THE PUBLIC REQUIRED.**- Notwithstanding any applicable Commonwealth law, including Act No. 159-2013, as amended, the Board shall establish its own rules to determine when its meetings shall be open to the public, but shall keep the records of all official business of the Board available to the public at all times.

SECTION 204.- PROCEDURE TO TERMINATE THE FISCAL OVERSIGHT AUTHORITY OF THE BOARD OVER A PUBLIC CORPORATION.

a) The fiscal oversight authority of the Board over a Public Corporation shall terminate if such Public Corporation requests to be excluded from the fiscal oversight authority of the Board and the Board authorizes such exclusion; provided, that the Board shall authorize such exclusion only if:

i. said Public Corporation has not received funds from another Supervised Entity to make up budget deficits in the last three (3) fiscal years, as determined by the Board;

ii. the revenues of said Public Corporation do not include the proceeds of taxes assigned by the Commonwealth to said Public Corporation; and

iii. The Board determines that granting such request does not poses a material risk to achieve the objectives of the Fiscal and Economic Growth Plan.

b) The Board may reestablish its fiscal oversight authority over a Public Corporation after such authority has been terminated under this Section, if the Board determines that any of the conditions identified in subsection (a) of this Section are no longer met. A Public Corporation may request to be excluded from the fiscal oversight authority of the Board after such fiscal authority has been reestablished in accordance with this subsection.

SECTION 205.- BOARD PERSONNEL AND PROFESSIONALS.-

a) EXECUTIVE DIRECTOR.- The Board shall have an Executive Director selected by the members of the Board. The Executive Director shall be appointed for a period of time to be determined by the Board and shall earn a compensation as determined by the Board. The Executive Director shall be knowledgeable in the operations of the Commonwealth of Puerto Rico.

b) PERSONNEL.- With the approval of the Board, the Executive Director may appoint and fix the compensation of any additional personnel deemed

appropriate by the Executive Director; provided, that no person appointed by the Executive Director shall receive a compensation higher than that of the Executive Director.

c) **COLLABORATION WITH THE BOARD.-** The Board may request the GDB, the Department of the Treasury, the OMB, the Department of Economic Development and Commerce of Puerto Rico, the Institute of Statistics, the Planning Board and any other agency, department or instrumentality of the Commonwealth of Puerto Rico, the administrative support as well as statistical and professional services reasonably necessary to fulfill its responsibilities under this Act. To the extent possible, the Board shall make reimbursements for such services.

d) **PROFESSIONALS.-** The executive director may hire professionals, including legal and financial advisors, as well as economists, under reasonable terms and as determined by the Board to assist him/her in the performance of his/her duties.

SECTION 206.- POWERS OF THE BOARD.-

a) **HEARINGS AND SESSIONS.-** To comply with this Act, the Board may hold hearings at any time or place, take testimony, and receive the evidence it deems appropriate. The Board may administer oaths or take statements of witnesses appearing before it.

b) **REQUEST AND RECEIPT OF INFORMATION.-** The Board shall be empowered to require, inspect, examine, and obtain a copy of any records, documents, information or data from any Supervised Entity and shall have access to any information, including systems, records, documents, information or data that the Board deems necessary to fulfill its responsibilities under this Act, subject to any applicable constitutional or statutory right or privilege.

c) **AUTHORITY TO ISSUE SUMMONS.-** The Board shall issue summons to require the attendance and testimony of witnesses, as well as the

production of any evidence to gather information related to any matter under its jurisdiction. If any person refuses to obey any summons issued by the Board, the Board may apply to the Court of First Instance for an order to compel such person to appear before the Board to testify, produce evidence, or both, in relation to the issue under its consideration. Requests shall be notified in the same manner as they would be notified under the applicable rules of civil procedure.

The Board shall promulgate rules to protect the confidentiality of the information and documents it receives in accordance with the laws and case law in effect in the Commonwealth of Puerto Rico in matters related thereto. The act of furnishing information or documents as requested by the Board shall not be construed as a waiver to the right to file a confidentiality claim by any natural or juridical person with respect to the information or the document thus furnished.

d) **AUTHORITY TO EXECUTE CONTRACTS.-** The Executive Director may execute any contracts he/she deems appropriate on behalf of the Board, subject to the approval of the Board, to fulfill the responsibilities entrusted to the Board under this Act. All members of the Board shall be notified of any contract executed by the Board.

e) **PENALTIES.-** In addition to the penalties established in other laws, in the case of default or refusal to obey a valid order issued by the Board, any part of the Court of First Instance of Puerto Rico shall issue an order to the person who refused or failed to comply with an summons of the Board, compelling him/her to appear before the Board or to comply with such order. Said person shall be guilty of contempt if he/she fails to obey the court order.

SECTION 207.- BUDGET OF THE BOARD.-

a) **RECURRING APPROPRIATION.-** On or before the fifth (5th) day of each month, the Secretary of the Treasury shall transfer one-twelfth of the budget approved by the Board, including any part of its budget nurturing from nonrefundable services to other Government Entities and Public Corporations to defray operating expenses such as the compensation of its members, personnel expenses, professional and advisory services, as well as insurance and other services to be provided by, to, or on behalf of the Board. This appropriation shall be considered a monthly recurring appropriation for the Secretary of the Treasury to make the transfer. Provided that, the first transfer shall be made on or within ten (10) days after the Board selects its Chairperson. The Board shall submit to the Office of Management and Budget an operating budget that includes the expenses for the remaining months of fiscal year 2015-2016, during which it shall be operating. After submitting the operating budget, the Secretary of the Treasury and the Director of the Office of Management and Budget are hereby authorized to identify the sources of funds needed to cover said budget. Beginning in Fiscal Year 2016-2017, and while the Board continues operating in accordance with the provisions of this Act, the Board shall submit, as part of the budget evaluation process, directly to the Legislative Assembly, a request for the funds needed to carry out its duties. Said request shall be evaluated and be part of the Budget approved by the Legislative Assembly.

b) **REPORT.-** The Board shall file with the Legislative Assembly and the OMB within the first ninety (90) days of each fiscal year, a report including expenses incurred during the preceding fiscal year as well as the estimated expenses of the Board including, but not limited to, the compensation of its members, personnel expenses, professional and advisory services, as well as insurance and other services to be provided by, to, or on behalf of the Board.

c) SURPLUS.- In the event that the amounts transferred to the Board in any fiscal year under subsections (a) or (b) of this Section exceed the expenses incurred by the Board during such fiscal year, the Board shall transfer such excess to the Secretary of the Treasury to be deposited in the General Fund.

SECTION 208.- FISCAL AND ECONOMIC GROWTH PLAN APPROVAL PROCESS.-

a) PROPOSAL.- On or before the end of the second quarter of Fiscal Year 2016 or once all the members of the Board have been appointed, whichever is later, the Working Group shall submit for the Board's review and endorsement a proposal for a consolidated five (5)-year Fiscal and Economic Growth Plan.

b) OBJECTIVES.- The objectives of the Fiscal and Economic Growth Plan shall be:

i. to implement structural, social, educational, environmental, health, and prevention reforms in order to reestablish the economic growth and competitiveness of the Commonwealth;

ii. to close fiscal gaps and reduce the debt burden of Supervised Entities to sustainable levels; and

iii. to restore Puerto Rico's institutional credibility by optimizing budget formulation and execution and information transparency.

c) INITIAL REVIEW AND APPROVAL.- The Board shall have thirty (30) days to review the fiscal and economic growth plan proposed by the Working Group. The Board shall endorse the proposed fiscal and economic growth plan if, after review thereof, the Board concludes that it meets the objectives of subsection (b) of this Section. If the Board does not endorse the proposed plan, it shall make any recommendations it deems appropriate to the Working Group to ensure that the objectives of subsection (b) of this Section are met. The Working Group shall have twenty (20) days to submit a new proposal for the fiscal and economic growth plan for the Board's reconsideration and approval. Once the fiscal and

economic growth plan is endorsed by the Board, the Working Group, if necessary, shall begin to negotiate with the creditors of the Supervised Entities one or more creditor agreements that are consistent with the fiscal and economic growth plan endorsed by the Board. Once the creditor agreements needed for the implementation of the fiscal and economic growth plan endorsed by the Board are executed, the Governor shall issue an Executive Order approving such creditor agreements (if applies) and the fiscal and economic growth plan considered in said agreements (said agreements shall be known as “Creditors Agreement” and the Fiscal and Economic Growth Plan considered in said Creditors Agreement shall be known as the “Fiscal and Economic Growth Plan.”) Those measures of the Plan that require legislative action shall be introduced in the Legislative Assembly in accordance with the schedule established in the Plan in order to be processed.

d) **REVISION OF APPROVED PLAN.-** The Fiscal and Economic Growth Plan approved by the Governor may be revised if the Working Group proposes a revised Fiscal and Economic Growth Plan and the Board endorses said plan after determining that it meets the objectives of subsection (b) of this Section. Once the Board has endorsed the revised Fiscal and Economic Growth Plan and the same has been approved by the Governor by means of Executive Order, said revised plan shall be known as the “Revised Fiscal and Economic Growth Plan.”

SECTION 209.- BUDGET REVIEW BY THE BOARD.-

a) **BUDGET PROPOSALS.-** On or before March 1st, in every case prior to the beginning of each fiscal year, the OMB in conjunction with the Department of the Treasury, in the case of the Commonwealth, and the chief executive officer of each one of all other Supervised Entities shall submit to the Board a budget proposal for each one of said Supervised Entities for the next fiscal year, consistent with the Fiscal and Economic Growth Plan. The Budget of the Commonwealth shall also meet the requirements of Act No. 147 of June 18, 1980, as amended, as well as include a Budget Control Reserve to be provided by the Legislative

Assembly. Every budget submitted to the Board shall include a report of the OMB and the Department of the Treasury, itemizing the measures proposed in accordance with the Fiscal and Economic Growth Plan.

If the Board does not receive the budget proposal of a Supervised Entity on or before March 1st, or before the date established by the Board, before any fiscal year, the Board shall issue a notice to said Supervised Entity.

Provided, that for the budget of fiscal year 2016-2017, all Supervised Entities shall file their budget with the Board if at least three members of the Board have been appointed on or before March 1st, 2016. Provided, that for the budget of fiscal year 2016-2017, if as of February 1st, 2016, at least three (3) members have not been appointed to the Board nor the Fiscal and Economic Growth Plan has been approved, the budget process shall continue its course and the Board shall begin its participation once the two conditions above are met. In this case, the Board shall participate in a manner that does not affect the Legislative Assembly's Budget approval process. As part of such participation, the Board may make any recommendations it deems appropriate.”[sic]

b) BOARD'S ENDORSEMENT FOR PROPOSED BUDGETS.- Within thirty (30) days after receiving a budget proposal submitted in accordance with subsection (a) of this Section, the Board shall determine whether the proposed budget complies with the Fiscal and Economic Growth Plan and, if so, it shall issue its endorsement to said budget. The Board shall promulgate regulations to establish the requirements applicable to the budgets of Supervised Entities, if any, that are not included in the Fiscal and Economic Growth Plan.

c) **BUDGET RECOMMENDATIONS AND REVISIONS.**- If the Board does not endorse the budget proposal of a Supervised Entity, the Board shall notify such fact to the Governor, the OMB, the Legislative Assembly, and the applicable Supervised Entity. The Board may make any budget any recommendations and revisions it deems appropriate to ensure compliance with the Fiscal and Economic Growth Plan. The OMB, in the case of the Commonwealth, and the chief executive officer of each one of the other Supervised Entities, as the case may be, shall submit a revised budget to the Board on or before fifteen (15) days from the date on which notice of the recommendation for budget review is issued have elapsed. The Board shall have fifteen (15) days after receiving a revised budget proposal to determine whether it complies with the Fiscal and Economic Growth Plan. If the revised budget does not comply with the Fiscal and Economic Growth Plan, the Board shall issue a notice to the applicable Supervised Entity and shall notify such fact to the Governor, the OMB, the Legislative Assembly, and the applicable Supervised Entity. If the Board determines that the revised budget complies with the Fiscal and Economic Growth Plan, it shall issue its endorsement to such proposed budget.

d) **LEGISLATIVE ASSEMBLY'S APPROVAL.**- The Governor and the Legislative Assembly shall consider the recommendations, certifications, and endorsements of the Board during the approval process of the Budget of the Commonwealth of Puerto Rico.

e) **BOARD'S NOTICE OF APPROVED BUDGET.**- Within thirty (30) days after the date on which the Budget of the Commonwealth for a specific fiscal year has been approved by the Legislative Assembly and, ultimately, by the Governor, and within thirty (30) days following the date on which a budget of a Public Corporation that is a Supervised Entity has been approved by the Board of Directors of said Public Corporation, the Board shall evaluate the approved budget. If the Board deems that the approved budget does not conform to the Fiscal and

Economic Growth Plan, the Board shall also issue a notice to the applicable Supervised Entity.

f) BOARD'S NOTICE OF INCOME ESTIMATES.- Notwithstanding any other provision to the contrary, the Board may issue a notice to the Commonwealth if it considers that the Budget of the Commonwealth does not comply with the income estimate rules and procedures included in the Fiscal and Economic Growth Plan and Act No. 147 of June 18, 1980, as amended by this Act.

SECTION 210.- EXAMINATION BY THE BOARD.-

a) PERIODIC REVISION.- Within thirty (30) days after the last day of each quarter of a fiscal year, or less or more often, as established by the Board, the Department of the Treasury and the Supervised Entity, in the case of the Commonwealth, or any entity receiving funds from the General Fund, or Supervised Entity, in the case of public corporations to which this Act applies, shall submit reports on revenues, expenditures, and cash flow as required by the Board, which shall include, but shall not be limited to: earned and projected income; a report of checks issued and outstanding, expense incurred as of the date of the report, expenses incurred during the quarter, expense projection for the following months through the end of the fiscal year, outstanding accounts payable as of the beginning of the quarter, accounts paid during the quarter, accounts payable ending balance; total disbursements during the preceding fiscal quarter or any other period required by the Board and a comparison of such revenues and expenses and cash flow with the projections or the latest budget approved for such items. If the Board so requires, said reports shall also include the balance sheet for Supervised Entities. The Board shall review the reports submitted and evaluate whether the Supervised Entity has complied with the budget endorsed by the Board using, to the extent possible, generally accepted accounting principles. In addition:

i. In the case of Supervised Entities that receive funds from the General Fund, the Secretary of the Treasury shall adjust the revenues projection for

the fiscal year by the difference between the refund projection made at the beginning of the fiscal year and the refund projection revised at the time each report is submitted, chargeable to the Budget Control Reserve.

ii. In the case of Supervised Entities that receive funds from the General Fund, the Board shall evaluate how (1) reported income compare with the income estimate used for purposes of drawing up the Budget of the Commonwealth, and (2) expenses incurred as of the date of the report in addition to expense projections for the remainder of the fiscal year compare with the amount of budget available.

iii. In the case of a Public Corporation, the Board shall evaluate how (1) the (cash) revenues of the Public Corporation compare with the income estimate used for purposes of drawing up its budget, and (2) expenses incurred as of the date of the report and the projection for the remainder of the fiscal year.

b) **RELEASE OF THE BUDGET CONTROL RESERVE.-**

i. The following shall apply in the case of a Supervised Entity:

1. Once the report or periodic reports covering the first quarter of the fiscal year have been reviewed and evaluated, the OMB may release up to fifteen percent (15%) of the Budget Control Reserve if it has been concluded that: (a) the (cash) revenues received from the Commonwealth through the end of the report period in conjunction with the projection revised through the end of the fiscal year are not less than the income estimate used to draw up the Budget of the Commonwealth, and (b) expenses at the end of the report period and the projection of such expenses through the end of the fiscal year do not exceed the expenditure estimate included in the budget for said period (compliance with income and expenditure estimates included in the budget from the beginning of the fiscal year to the end of the report period shall be known as “Compliance with the Budget.”)

2. Once the report or periodic reports covering the second quarter of the fiscal year have been reviewed and evaluated, the OMB may release

up to an additional fifteen percent (15%) of the Budget Control Reserve that has not been released if the Board concludes that the Commonwealth is in Compliance with the Budget through the end of the second quarter of the fiscal year;

3. Once the report or periodic reports covering the third quarter of the fiscal year have been reviewed and evaluated, the OMB may release up to an additional twenty percent (20%) of the Budget Control Reserve that has not been released, if the Board concludes that it is in Compliance with the Budget through the end of the third quarter of the fiscal year; and

4. On or before May 15th of each year, the OMB may release the remaining portion of the Budget Control Reserve corresponding to previous periods and that has not been released, if the Board concludes that it is in Compliance with the Budget as projected through the end of the fiscal year.

ii. If it is determined, to the extent possible, that a Supervised Entity is reporting income below the budget estimate for said period or that expenses are higher than those budgeted, the Board shall (1) issue a notice, (2) notify such fact to the Governor, the Legislative Assembly, and the OMB, (3) may make any recommendations it deems appropriate to reduce expenditures or increase immediate revenues after taking the Budget Control Reserve into account to ensure compliance with the approved budget and the Fiscal and Economic Growth Plan.

iii. The Supervised Entity shall, as applicable, within twenty (20) days after receiving a notice under this Section, take the appropriate corrective action to ensure compliance with the approved budget and the Fiscal and Economic Growth Plan.

c) **COMPLIANCE WITH THE APPROVED BUDGET**

i. If the Board concludes that the Supervised Entity has complied with the budget certified by the Board, it shall thus certify it.

ii. If the Board determines that a Supervised Entity is reporting cash basis below the budget estimate for said period or that expenses are higher than those budgeted, the Board (1) shall issue a notice, (2) notify such fact to the Governor, the Legislative Assembly, and the OMB, (3) may make any recommendations it deems appropriate to reduce expenditures or increase immediate revenues after considering the Budget Control Reserve to ensure compliance with the approved budget and the Fiscal and Economic Growth Plan.

iii. The Supervised Entity shall, as applicable, within twenty (20) days after receiving a notice under this Section, take the appropriate corrective action to ensure compliance with the approved budget and the Fiscal and Economic Growth Plan.

iv. If the notice of noncompliance issued under this section has not been corrected to the satisfaction of the Board (1) within forty-five (45) days after the issue thereof, if the notice of noncompliance was issued on or before February 1st of the fiscal year, or (2) within thirty (30) days after the issue thereof, if the notice of noncompliance was issued after February 1st of the fiscal year, the Board shall issue a preliminary finding of noncompliance to said Supervised Entity.

v. If at the end of any fiscal year, a Supervised Entity has failed to correct a preliminary finding of noncompliance issued under this Section, the Board shall issue a finding of noncompliance to said Supervised Entity.

vi. The Board may withdraw a notice of noncompliance, a preliminary finding of noncompliance, and a finding of noncompliance issued to a Supervised Entity at any time, if such Supervised Entity has corrected the same to the satisfaction of the Board.

d) **RECONSIDERATION OF A NOTICE ISSUED BY THE BOARD.-**
A Supervised Entity to which the Board has issued a notice under this Section may, within fifteen (15) days after receiving such notice, file a request for

reconsideration of a determination of the Board following the procedures established by the Board. The Board shall have fifteen (15) days to consider the request for reconsideration filed by the Supervised Entity. If the Board denies a request for reconsideration, said Supervised Entity shall take the appropriate corrective action to ensure compliance with the approved budget and the Fiscal and Economic Growth Plan.

e) CONSEQUENCES FOR FAILING TO FILE A PERIODIC REPORT.- Failure to file a periodic report required under subsection (a) of this Section shall prompt a notice by the Board to the applicable Supervised Entity. If the Supervised Entity fails to correct said noncompliance within forty-five (45) days after receiving notice by filing the corresponding periodic report, the Board shall issue a notice of noncompliance to said Supervised Entity.

f) COMPLIANCE WITH NON-BUDGETARY MEASURES.- In the case of non-budgetary measures included in the Fiscal and Economic Growth Plan that must be complied with on or before a certain date, the Board shall evaluate, within thirty (30) days after such date, whether said non-budgetary measures have been implemented. If the Board determines that a Supervised Entity has failed to comply with a non-budgetary measure, the Board shall (i) issue a notice of noncompliance, and (ii) may make recommendations of immediate action to ensure compliance with said non-budgetary measure. The Supervised Entity shall take the corresponding corrective action to correct said notice of noncompliance. If at the end of the fiscal year or any other longer period as determined by the Board, said notice of noncompliance has not been corrected to the satisfaction of the Board, the Board shall issue a finding of noncompliance unless it determines that the (i) Supervised Entity has taken reasonable measures (in the case of non-budgetary measures of transactional nature, has made reasonable efforts) to comply with the non-budgetary measure, (ii) noncompliance is due to reasons not attributable to the

Supervised Entity, or (iii) such noncompliance has no material adverse effect to comply with the Plan.

SECTION 211.- NONCOMPLIANCE BY A SUPERVISED ENTITY.-

i. If the Board issues a notice to a Supervised Entity as a result of the Entity's noncompliance with the approved budget, the Fiscal and Economic Growth Plan, or the income estimates, the Board shall notify such fact to the Governor, the Director of the OMB, and the Legislative Assembly, and shall publish said notice on the webpage of the Board or through those communications means it determines. Said notice shall include the Board's estimate of any projected deficit for the Supervised Entity for said fiscal year ("Projected Deficit");

ii. At the request of the Board, the Director of the OMB together with the Secretary of the Treasury, and the chief executive of each Supervised Entity, as the case may be, shall send a report to the Board, the Governor, and the Legislative Assembly, stating in detail the measures that may be taken to address such notice, including reducing expenditures and increasing revenues in the amount necessary to make up any Projected Deficit. The chief executive of every Supervised Entity shall draft and submit said report as soon as possible but not later than fifteen (15) days after the date on which the Board requested it.

iii. The Board shall review and consider the report drafted by the chief executive of every Supervised Entity, the OMB, and the Department of the Treasury, in deference to the data, assumptions, and method used to reach the conclusions established therein and shall determine whether the measures that could be taken would suffice to make up any Projected Deficit. If the Board determines that the measures reported by the OMB would suffice to make up the Projected Deficit, the Board shall issue a report to the Governor endorsing the measures reported by the OMB. The Board shall have thirty (30) days following the quarterly report to determine whether the measures reported by the OMB do not suffice to make up the Projected Deficit and submit its recommendations. The

chief executive shall implement the recommendations or any others endorsed by the Board as he/she deems necessary to make up the Projected Deficit. If said measures are not implemented within thirty (30) days following the report of the Board to the Governor endorsing the same, the Board shall notify such fact to the Governor, the Director of the OMB, and the Legislative Assembly and automatically activate across-the-board reductions in the operating expense budget appropriations of the Supervised Entities included in the Budget of the Commonwealth, in the amount necessary to make up the Projected Deficit, observing the provisions of Section 4(c) of Act No. 147 of June 18, 1980, as amended, when the resources available for a fiscal year are not sufficient to cover the appropriations approved for said year. The Governor (or the OMB, as delegated by the Governor) may redistribute across-the-board reductions in the operating expense budget appropriations observing the provisions of Section 4(c) of Act No. 147 of June 18, 1980, as amended, provided, that the across-the-board reductions are sufficient to make up the Projected Deficit.”

CHAPTER 3.- BUDGET STABILIZATION MEASURES.-

SECTION 301.- AMENDMENTS TO OMB ACT.-

(a) Section 3 of Act No. 147 of June 18, 1980, as amended, is hereby amended to read as follows:

“(a) The Office of Management and Budget shall advise the Chief Executive, the Legislative Assembly and the government bodies, under the rules, regulations, instructions and orders prescribed by the Governor, on those matters related to the budget, programs and administrative management, as well as on matters of a fiscal nature related to his/her functions; it shall perform the necessary functions to allow the Governor to submit to the Legislative Assembly the Annual Budget of Capital Improvements and Operating Expenses of the Government, including the Public Corporations; it shall ensure that the execution and administration of the budget by the public bodies is conducted according to the

laws and resolutions governing appropriations, with the soundest and most adequate fiscal and management standards, consistently with the provisions of the Fiscal and Economic Growth Plan approved in accordance with the Puerto Rico Fiscal Responsibility and Economic Revitalization Act (“the Fiscal and Economic Growth Plan”) and the programmatic objectives for which public funds are appropriated or provided. It shall evaluate the programs and activities of the public bodies in terms of their economy, efficiency and effectiveness and shall submit reports to the Governor with recommendations for their implementation. It shall prepare and maintain control of all those fiscal and budgetary documents needed for the administration of the budget and shall carry out the pertinent changes, amendments or adjustments subject to the legal provisions and the guidelines established by the Legislative Assembly and the Governor. It shall remain up to date with the new currents and trends in the budgetary and managerial aspects of public administration, in order to evaluate and adapt those techniques, methods and viewpoints that apply to the local administrative field, in the process of formulating and executing the budget, as well as in program evaluation, administrative analysis and operational and administrative auditing. It shall also propose any legislation deemed necessary and convenient to include said currents and trends to our budgetary and administrative processes.

(b) ...”

(b) Section 4 of Act No. 147 of June 18, 1980, as amended, is hereby amended to read as follows:

“(a) In tune with Article IV, Section 4 of the Constitution of the Commonwealth of Puerto Rico, the Governor shall submit to the Legislative Assembly at the beginning of each regular session, an Annual Budget of Capital Improvements and Operating Expenses of the Commonwealth, its Instrumentalities and Public Corporations, chargeable to the General Fund, the Special Funds, the grants from the United States Government, bond issues and loans, the public corporations’ own revenues, and any other sources of income, which will indicate the government’s programs and objectives proposed by the Chief Executive for the following fiscal year, based on the long term orientation and goals of the Fiscal and Economic Growth Plan, the Integrated Development Plan, the Four-Year Investment Plan, and the Land Use Plan drafted and adopted by the Planning Board.

The budget shall contain the following information, in the form, extent, or detail the Governor deems convenient:

- (1) ...
- (6) Calculations of all potential revenues of the Government of the Commonwealth and its Instrumentalities and Public Corporations, regardless of their origin, during the following fiscal year according to:
 - (A) Laws in effect on the date the budget is submitted;
 - (B) legislative measures that affect such revenues, if any;
 - (C) the federal programs in effect; and
 - (D) from other sources.

Said calculation of revenues shall:

(i) be validated on or before February 14th prior to the beginning of each fiscal year by an independent consultant, who shall be selected by the Fiscal Oversight Board while said entity is operating, but that does not exceed five (5) years from the date on which the Governor approves the Fiscal and Economic Growth Plan;

(ii) establish assumptions on which the projection is based;

(iii) be itemized on a month-by-month basis; and

(iv) For purposes of approving a balanced budget, the income estimate shall exclude the refund estimate and the amounts to be deposited in any special fund created by law. The refund estimate to be excluded must be subject to evaluation.

(E) The calculation contemplated in subsection (6) of this Section shall be reviewed by an independent consultant and the Secretary of the Treasury before submitting the same as part of the budget to be considered by the Legislative Assembly.

(7) The recommended or proposed appropriations chargeable to all the calculated resources, after due consideration of the Fiscal and Economic Growth Plan, the Puerto Rico Integrated Development Plan, the Four-Year Investment Program and the land-use plans prepared by the Planning Board for the following fiscal year, except the Legislative Assembly and the Office of the Comptroller of the Commonwealth of Puerto Rico, which shall be exempt from submitting budget requests that the Governor shall include in the recommended budget, itemized in a budget for their regular operating expenses equal to the one in effect. The Office of the Comptroller shall submit its own fund request for regular operating expenses directly to the Legislative Assembly, on or before November 30th of the year before the year for which the request is made, and shall furnish to the Office a copy of all the information it submits to the Legislative

Assembly, so that said Office may advise the Legislative Assembly regarding the fund requests for the regular operating expenses of said body. Every two (2) years, the Office of the Comptroller of Puerto Rico shall submit to the Legislative Assembly a report of its operating expenses including an external audit. Beginning on Fiscal Year 2003-2004, the Judicial Branch shall be appropriated a sum equal to three point three percent (3.3%) of the average of the total amount of the annual revenues earned in accordance with the provisions of the Laws of the Commonwealth of Puerto Rico, and covered into the General Fund of the Treasury of Puerto Rico during the two (2) fiscal years preceding the current year, and those covered into the Dedicated Sales Tax Fund, created by Sections 11a through 16 of this title, and into any other special fund created by law after July 1, 2007, nourished from resources generated by taxation and non-taxation revenues. Provided, that in the event that the average of the total amount of annual revenues is less than the average of the preceding year, the basis amount shall be equal to the last annual appropriation received by the Judicial Branch. Said three point three percent (3.3%) shall be increased for Fiscal Year 2004-2005 by one tenth of one percent (0.1%), and by two tenths of one percent (0.2%) for the following three (3) fiscal years, until it reaches a maximum of four percent (4%) of the revenues of the General Fund of the Treasury of Puerto Rico for Fiscal Year 2007-2008. These resources shall be used for the operating expenses of the Judicial Branch. In the event the Judicial Branch should require sums in addition to those appropriated pursuant to this Chapter for the development, construction, and extension of its physical structure or for any other purpose, it shall submit the necessary budget request with its pertinent justifications directly to the Legislative Assembly. The recommendations and requests for appropriations of lump sums in the general budget bill for each government body shall be supported in the budget submitted by detailed calculations, expense items, and by programs or activities. The budget shall include a Budget Control Reserve which shall consist of the reserved funds of

the Supervised Entities in the Budget of the Commonwealth that represent two point five percent (2.5%) of the total operating expense appropriations and special appropriations, which shall not be available for expenses but rather transferred to an account under the custody of the Office of Management and Budget to be released in accordance with the ‘Puerto Rico Fiscal Oversight and Economic Recovery Organic Act.’

(8) ...

(9) Five-year income and expenditure projections, a reconciliation of said projections with previous projections and a detailed description of any present or projected variation.

(10) Special appropriations, appropriations for operating expenses and capital expenses, and all other appropriations for the fiscal year.”

SECTION 302.- AMENDMENTS TO THE GOVERNMENT ACCOUNTING ACT.-

a- Section 4 of Act No. 230 of July 23, 1974, as amended, is hereby amended to read as follows:

“Section 4.- Design and Approval of Fiscal Organization, Accounting Systems and Procedures.-

(a) ...

...

(i) The Secretary may authorize agencies and corporate entities to design their own systems, accounting procedures and fiscal organizations when, for any reason, he/she cannot design them; or when, in his/her opinion, the fiscal organization, the accounting system, the internal procedures and the administrative practices existing in the agency or corporate entity, warrant it; provided, that they have the proper and necessary personnel for such work. The systems, procedures, and fiscal organizations which may be so designed, shall follow the rules and practices established by the Secretary, and shall require his/her

final approval for their implementation. Not later than July 1st, 2018, all agencies of the Central Government shall use the same accounting system used by the Department of the Treasury. After the implementation of said accounting system, the Secretary shall not authorize any agency to design its own accounting system, accounting procedures or fiscal organization.

b- A new subsection (h) is hereby added to Section 12 of Act No. 230 of July 23, 1974, as amended, to read as follows:

“(a) ...

...

(h) The Secretary shall review the net income estimates of the General Fund on a quarterly basis through any fiscal year and shall publish said review on the webpage of the Department of the Treasury within a term that shall not exceed thirty (30) days following the close of the quarter. Said review shall project future revenues based on actual revenues and include any revision of the assumptions used to prepare the net income estimates of the General Fund.”

SECTION 303.- PURCHASE ORDERS.-

A new Section 6 is hereby added to Act No. 237-2004, as amended, and current Section 6 is hereby renumbered as Section 7, to read as follows:

“Section 6.- Any purchase or service order made after the effective date of this Act by any agency, department, public corporation or instrumentality of the Commonwealth (a) shall be prospective, (b) shall identify the budget items from which said purchase or service order shall be paid and (c) and[sic] the agency, department, public corporation, or instrumentality shall furnish to its supplier (contractor) prior to rendering such services, the purchase order generated by its accounting system so the expenses incurred under the purchase order are included in the budget. Any purchase or service order that fails to meet the requirements established herein shall be null and void.”

CHAPTER 4.- SEVERABILITY CLAUSE AND EFFECTIVENESS.-

SECTION 401.- SEVERABILITY.-

If any clause, paragraph, subparagraph, section, provision, or part of this Act were held to be unconstitutional by a competent Court, such holding shall not affect, impair, or invalidate the remaining provisions of this Act. The effect of such holding shall be limited to the clause, paragraph, subparagraph, section, provision, or part of this Act thus held to be unconstitutional.

SECTION 402.- EFFECTIVENESS.-

This Act shall take effect immediately after its approval. Provided, that, the effectiveness of Sections 208, 209, and 210 of this Act shall be suspended until the Governor approves the Fiscal and Economic Growth Plan in accordance with this Act. This Act shall expire at 11:59PM on the fifth anniversary of the date on which the Governor approves the Fiscal and Economic Growth Plan in accordance with this Act. Provided, further, that Chapter 3 of this Act shall continue in effect as if this Act had not expire. Once this Act expires, the Board shall cease to exist and any contract, job, office, position, and appointment, including the appointments of the members of the Board, shall be eliminated.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 208-2015 (S. B. 1513) (Conference)** of the **6th Regular Session** of the **17th Legislative Assembly of Puerto Rico**:

AN ACT to create the “Puerto Rico Fiscal Oversight and Economic Recovery Organic Act,” in order to establish the public policy, definitions, and rules of interpretation of this Act; create the “Fiscal Oversight and Economic Recovery Board”; require the filing of a consolidated five-year Fiscal and Economic Growth Plan for the Commonwealth of Puerto Rico with said Board; require the Board to review and approve the Fiscal and Economic Growth Plan if the objectives of this Act are met; require certain government entities to file their annual budgets with the Board for the latter to determine whether such budgets comply with the Fiscal and Economic Growth Plan, require the Board to certify compliance with approved budgets, and impose certain expenditure control mechanisms; etc.

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

In San Juan, Puerto Rico, on this 20th day of January, 2016.

Juan Luis Martínez Martínez
Director