

(H. B. 2664)

(No. 90)

(Approved May 13, 2006)

## **AN ACT**

To authorize the Government Development Bank to grant a loan to the Department of the Treasury to pay the central government payroll and the government deficit corresponding to taxable year 2005-2006; to provide for the use thereof; and for other purposes.

### **STATEMENT OF MOTIVES**

During the past decades, the Government of Puerto Rico has been contracting debts to finance its operation without succeeding in identifying effective methods for their repayment. The current amounts of this extraconstitutional debt have substantially affected government credit. This situation turned more severe during fiscal year 2005-2006, when government expenses once again surpassed revenues, thus creating the government crisis that afflicts the Island at present and which led to layoffs for over 95,000 government employees.

In order to address said situation, based on the recommendation made by the Report issued on May 10, 2006, by the Special Committee appointed by the Governor, the President of the Senate and the Speaker of the House of Representatives, and as an integral part of a number of legislative measures approved to dispel said crisis, the Government Development Bank is hereby authorized to grant a loan to the Department of the Treasury in the maximum

amount of \$741,000,000.00 for the payment of the central government payroll and to provide flow of cash to said Department.

***BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:***

Section 1.—Title.—

This Act shall be known as the “Government Deficit Financing Act of 2006.”

Section 2.—Authorization.—

The Government Development Bank is hereby authorized to grant a loan to the Department of the Treasury in the maximum amount of \$741,000,000.00 for the payment of central government expenses and payroll and to provide flow of cash to said Department as part of the measures to address the government deficit corresponding to fiscal year 2005-2006, as recommended by the Report issued on May 10, 2006, by the Special Committee appointed by the Governor, the President of the Senate and the Speaker of the House of Representatives.

Section 3.—Use.—

The moneys facilitated by the financing granted by the Government Development Bank to the Department of the Treasury shall be used solely and exclusively for the following purposes:

(a) The payment of the payroll and all other expenses as established in the “Act to Impose the Supertax of 2006,” in the amount of \$531,525,744.00.

(b) The payment of Central Government expenses corresponding to the budget for fiscal year 2005-2006, in the amount of the difference between \$741,000,000.00 and \$531,525,744.00, as certified by the Secretary of the Treasury as the government deficit corresponding to said period,

broken down into items and by their corresponding government dependencies or agencies.

Section 3.—Disbursements.—

The disbursements chargeable to said financing shall be made by the Secretary of the Treasury pursuant to certifications to be remitted to the Government Development Bank, the House of Representatives, and the Senate of Puerto Rico.

Section 4.—Collateral.—

The loan authorized by this Act shall be secured by the revenues to be obtained through Act No. 160 of December 21, 2005, as amended, and all other laws approved with the purpose of covering the government deficit corresponding to fiscal year 2005-2006.

Section 5.—Payment.—

The loan shall be paid with the revenues to be obtained through Act No. 160 of December 21, 2005, as amended, and all other laws approved with the purpose of covering the government deficit corresponding to fiscal year 2005-2006, and any difference resulting after having applied said revenues shall be covered with the moneys generated pursuant to the “Urgent Interest Fund Act.”

Section 6.—Effectiveness.—

This Act shall take effect immediately after its approval.

## CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 90 (H.B.2664) of the 3<sup>rd</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to authorize the Government Development Bank to grant a loan to the Department of the Treasury to pay the central government payroll and the government deficit corresponding to taxable year 2005-2006; to provide for the use thereof; and for other purposes,

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

In San Juan, Puerto Rico, today 22nd of May of 2006.

Francisco J. Domenech  
Director