

(S. B. 1350)
(Reconsidered)

(No. 106)

(Approved May 25, 2006)

AN ACT

To amend subsections (c) and (d) of Section 8 and to repeal Section 9 of Act Number 147 of June 18, 1980, as amended known as “Organic Act of the Office of Management and Budget,” in order to repeal the power to use the Budgetary Fund to address unforeseen public service situations, as well as the authorization to take money on loan in those fiscal years in which the income is not enough to cover the appropriations approved for said fiscal year, except to honor the payment of the public debt and for the payment of determinations of the Federal and Commonwealth Courts.

STATEMENT OF MOTIVES

Our democratic system of government is based on the constitutional law principle which sets forth that no branch of the government shall have greater power than another. Pursuant to this mandate, the fathers of the Constitution of the Commonwealth of Puerto Rico established our three branches of government: the Legislative Branch, the Judicial Branch and the Executive Branch and gave them the duties and powers inherent and undelegable to their primary responsibility of governing the destiny of our People.

Attuned to the aforesaid, the Constitution delegated on the Governor the obligation to provide the necessary data to formulate legislation regarding the budget and entrusted the Legislature with the obligation to approve the general budget of the government through appropriations and rules for the disbursements thereof. It also provided in Section 7 of Article

VI of the Constitution that the appropriations made for one fiscal year cannot exceed the total resources calculated for said year unless the imposition of sufficient taxes to cover said appropriation is provided by law.

The governing principle for said postulates is the approval by the Legislature and the implementation by the Executive of a balanced budget in which expenses never exceed the revenues or collections of the Treasury of Puerto Rico.

During past fiscal years, it has been difficult for the government to implement norms and make efficient financial adjustments to control expenses. Neither has it provided the criteria to address the uncontrolled increase in the government payroll. This situation has caused serious financial problems that have had short term solutions, in part through loans and transfers among budget items. What should have been a practice under exceptional circumstances has become the norm for balancing the budget.

In 1980, the Legislature approved Act Number 147 of June 28, 1980, as amended, which created the Budgetary Fund to cover appropriations approved for any fiscal year in which the revenues available for said year are not sufficient to address the same, honor the payment of the public debt and tend to unforeseen situations in public services. Furthermore, said Act empowered the Governor to authorize the Secretary of the Treasury to take money on loan from the Government Development Bank when revenues are not enough to address the appropriations approved during a fiscal year.

We should avoid the wrongful practice of balancing the budget and of covering regular expenses and the deficit in government bodies through the use of the Budgetary Fund and loans that further worsen the financial situation of the Government of Puerto Rico. Thus, this Legislature deems it necessary to promote a sound administration of public funds by requiring

that any intended expenditures which have not been previously budgeted by the government bodies be submitted to the Legislature for its consideration. Likewise, every application to take money on loan in those fiscal years in which the revenues are not sufficient to address the appropriations approved for said fiscal years shall also be submitted for consideration by the Legislature.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- Subsections (c) and (d) of Section 8 of Act Number 147 of June 18, 1980, as amended, are hereby amended to read as follows:

“Section 8.- Creation of Budgetary Fund

(a) ...

(b) ...

(c) The Budgetary Fund shall be used to cover appropriations approved for any fiscal year in which the revenues available for said year are not sufficient to address the same, and to honor the payment of the public debt.

(d) The Governor and the Director of the Office of Management and Budget, through delegation of the latter, shall provide the financial resources to the agencies and public corporations, chargeable to the Fund, to meet the obligations of or disbursements by programs with contributions from the United States Government approved and pending receipt, for the payment of capital improvements projects under construction, while the appropriations become effective, and for the payment of determinations of the Federal and Commonwealth Courts.

(e) ...”

Section 2.- Section 9 of Act Number 147 of June 18, 1980, as amended, is hereby repealed.

Section 3.- This Act shall take effect July 1, 2006.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 106 (S.B. 1350) (Reconsidered) of the 3rd Session of the 15th Legislature of Puerto Rico:

AN ACT to amend subsections (c) and (d) of Section 8 and to repeal Section 9 of Act Number 147 of June 18, 1980, as amended known as “Organic Act of the Office of Management and Budget,” in order to repeal the power to use the Budgetary Fund to address unforeseen public service situations, as well as the authorization to take money on loan in those fiscal years in which the income is not enough to cover the appropriations approved for said fiscal year, except to honor the payment of the public debt and for the payment of determinations of the Federal and Commonwealth Courts,

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

In San Juan, Puerto Rico, today 6th of June of 2006.

Francisco J. Domenech
Director