

(H.B. 2791)

(No. 119)

(Approved July 9, 2006)

AN ACT

To amend the first paragraph of Section 25 [sic] of Act No. 44 of June 21, 1988, as amended, known as the “Puerto Rico Infrastructure Financing Authority Act,” in order to increase the amount to be appropriated to the Puerto Rico Infrastructure Financing Authority.

STATEMENT OF MOTIVES

The governmental investment in the infrastructure constitutes the basis for promoting the economic development of Puerto Rico. This public investment in capital improvements not only generates by itself an immediate flow of economic activity, but also allows for the flow of new private investments in the new facilities built by the public sector without which it would be difficult to attract private capital. It is necessary to highlight the fact that the governmental investment in infrastructure is an indispensable element for providing basic services to the people of Puerto Rico.

On May 15, 2004, ODECABE (Spanish acronym), the Central American and Caribbean Sport Organization, announced the selection of the City of Mayagüez, Puerto Rico as the seat of the 21st Central American and Caribbean Games to be held in the summer of the year 2010 (the “Games”). To hold the Games in Puerto Rico provides a unique opportunity for reforming and transforming the western area of the Island with the development of infrastructure, facilities and public spaces of the first order.

Said infrastructure is necessary not only to ensure the success of the Games, but also to enhance the economic development of the area. The programmatic commitment of this administration intends to further the economic and social development of the west through projects involving the infrastructure, housing, tourism, the environment, public spaces and sports and recreation.

The task of developing the infrastructure needed to hold the Central American Games has been entrusted to the Puerto Rico Infrastructure Financing Authority. In order to fulfill its corporate purposes, this public corporation employs funds proceeding from the Puerto Rico Infrastructure Fund, created by Act No. 44 of June 21, 1988. Even though Act No. 111 of August 7, 2002, increased the appropriation of the funds collected from federal excise taxes on the sale in the United States of the rum produced in Puerto Rico which pursuant to Section 7652(a)(3) of the Internal Revenue Code are returned to the Department of the Treasury, to ninety million (90,000,000) dollars from Fiscal Year 2006-2007 to Fiscal Year 2051-2052, that amount is not sufficient to achieve the work plan projected for the next five (5) years.

The Government of the Commonwealth of Puerto Rico needs to obtain additional financing to initiate the construction of the projects needed to meet important infrastructural requirements to benefit all Puerto Ricans, but particularly everything that is implied by the celebration of the Central American Games. In order to enable the Puerto Rico Infrastructure Financing Authority to obtain the required financing it is indispensable that the annual appropriations to the Puerto Rico Infrastructure Fund be increased so as to cover the obligations in effect as of Fiscal Year 2009-2010. These appropriations must be increased at the rate of one hundred and

seventeen million (117,000,000) dollars from Fiscal Year 2009-2010 to Fiscal year 2056-2057.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.-The the first paragraph of Section 25 [sic] of Act No. 44 of June 21, 1988, as amended, is hereby amended to read as follows:

“Section 25.-Special Deposit for the Benefit of the Authority

Beginning with Fiscal Year 1988-89, notwithstanding the provisions of Section 29A of Act No. 143 of June 20, 1969, as amended, the first proceeds of the federal excise taxes remitted to the Department of the Treasury of Puerto Rico on each Fiscal Year, pursuant to Section 7652(a)(3) of the United States Internal Revenue Code of 1986, as amended, for up to a maximum amount of thirty million (30,000,000) dollars, in the case of Fiscal Year 1988-89, for up to a maximum amount of forty million (40,000,000) dollars, in the case of Fiscal Years 1989-90 to 1996-97, for up to a maximum amount of sixty million (60,000,000) dollars, in the case of Fiscal Year 1997-98, for up to a maximum amount of seventy million (70,000,000) dollars, in the case of Fiscal Years 1998-1999 to 2005-2006, and up to a maximum amount of ninety million (90,000,000) dollars, in the case of Fiscal Years 2006-07 to 2008-09, and in subsequent years until Fiscal Year 2056-57, the participation shall be for an amount of up to one hundred and seventeen million (117,000,000) dollars, which when received by the Department of the Treasury of Puerto Rico, shall be covered into a Special Fund to be maintained by or on behalf of the Authority, designated as the “Puerto Rico Infrastructure Fund, and be used by the Authority for its corporate purposes, which shall include the development of the infrastructure necessary and convenient for holding the Mayagüez 2010 Central American and Caribbean Games. In case the funds collected from

said federal excise taxes are insufficient to cover the amounts herein appropriated, the Secretary of the treasury is authorized to cover said deficiency with any funds available and the Director of the Office of Management and Budget, at the request of the Puerto Rico Infrastructure Financing Authority shall include for the budget recommended for the corresponding Fiscal Year the appropriations needed to cover said deficiencies.

The Authority is hereby empowered to segregate a portion of said Funds into one or more sub-accounts, subject to the provisions of Section 8 of Article VI of the Constitution of the Commonwealth of Puerto Rico for the payment of the principal and interest on bonds and other obligations of the Authority, or for the payment of bonds and other obligations issued by a benefited entity, or for any other legal purpose of the Authority. The moneys of the Special Fund may be used for the payment of interest and for the amortization of the public debt of the Commonwealth, as provided in said Section 8, only when the other resources available referred to in said Section are insufficient for such purposes.

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

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 119 (H.B. 2791) of the 3rd Session of the 15th Legislature of Puerto Rico:

AN ACT to amend the first paragraph of Section 25 [sic] of Act No. 44 of June 21, 1988, as amended, known as the “Puerto Rico Infrastructure Financing Authority Act,” in order to increase the amount to be appropriated to the Puerto Rico Infrastructure Financing Authority,

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

In San Juan, Puerto Rico, today 13th of September of 2006.

Francisco J. Domenech
Director