

(H.B. 1821)

(No. 222)

(Approved October 3, 2006)

## **AN ACT**

To amend subsection (b) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, known as the “Municipal Property Tax Act,” in order to exclude the Puerto Rico Housing and Human Development Trust from the application of the aforementioned Act.

### **STATEMENT OF MOTIVES**

The Puerto Rico Housing and Human Development Trust is a non profit organization that combines the efforts of the public and private sectors for the constitution of a permanent and irrevocable fund that attends to the urgent need for developing, rehabilitating and subsidizing housing to meet the needs of the homeless. Following the financing model of the successful Conservation Trust, it operates by retaining the capacity for distributing funds which it invests and reinvests in the exempted bonds market.

The Puerto Rico Banking Association and the Mortgage Banking Association in this manner promote the recurrent economic capacity of the Trust, which together with the funds and the federal and Commonwealth exemptions available to attend to the specific needs of the homeless make it possible to obtain better access to the resources of the non profit organizations that specialize in that population. This effort constitutes a direct response to the lack of services and funds fully devoted to investing in

the quality of life of all Puerto Rican citizens. Their extraordinary contribution makes a direct impact on the quality of life of those sectors excluded from participation in the economic growth.

The Legislature of Puerto Rico is responsible for enacting measures for correcting the prevailing socioeconomic circumstances of our Island and for creating innovative alternatives to provide a better quality of life for our society and special sectors thereof. In doing so it seeks to foster the best use of the resources of the Trust and provide the latter with the optimum operating conditions in order to guarantee its success.

This Legislature believes that to exclude the Puerto Rico Housing and Human Development Trust from the payment of the municipal property income tax would be of benefit to the interests of the People of Puerto Rico so that in its operation and in the discharge of its fiduciary responsibility it may enjoy an exemption from the payment of taxes that would increase its capacity for acquiring, subsidizing and developing decent housing for the homeless.

This commitment of the Government of the Commonwealth of Puerto Rico is made manifest in another group of legislative measures by means of which it seeks to provide the Puerto Rico Housing and Human Development Trust with the best conditions possible for it to operate efficiently. Other legislative measures shall do what is proper by amending, in the first place, subsection (b)(4)(N) of Section 1022 and subsection (n) of Section 1121 of Act No. 120 of October 31, 1994, known as the "Puerto Rico Internal Revenue Code Act," as amended, which grants the Puerto Rico Housing and Human Development Trust an exemption to the obligations issued and to the payment of taxes in order to make feasible the constitution of this fund.

Act No. 60 of June 18, 1963, as amended, known as the “Uniform Securities Act,” shall also be amended in order to exclude the Puerto Rico Housing and Human Development Trust from the application of the aforementioned Act. Act No. 135 of December 2, 1997, as amended, known as the “Tax Incentives Act of 1998,” is likewise amended in order to include the Puerto Rico Housing and Human Development Trust in the interests and activities eligible for the application of the incentives conferred by said Act.

Lastly, Section 3 of Act No. 6 of October 19, 1954, as amended, known as the “Puerto Rico Investments Company Act;” and subsection (b) of Section 3 of Act No. 214 of October 14, 1995, as amended, known as the "Act to Regulate the Financial Intermediation Business" are also amended in order to exclude the Puerto Rico Housing and Human Development Trust from the application of the aforementioned laws.

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

Section 1.-Subsection (b) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, known as the “Municipal Property Tax Act,” is hereby amended to read as follows:

“Section 5.01.-Property exempted from taxation

(a) ...

(b) The property of the United States and all property exempted from the payment of taxes by the laws of the United States; the property of the Commonwealth of Puerto Rico, of the Puerto Rico Housing and Human Development Trust and of the Puerto Rico Conservation Trust, with the exception of what is determined in Section 3.16 of this Act; the property of any municipality exclusively set aside for public use, even though said property is a source of revenue for the municipality to which it belongs. In those cases whereby the Commonwealth Government has conveyed or later

conveys lands or property belonging to it in usufruct to private persons or entities, said lands or property thus conveyed shall be subject to the property tax laws and the usufructuaries shall be bound to pay such taxes. In the event said usufructs are for a term of more than five (5) years, or for life, the usufructuaries shall be deemed to be the owners of the property for all effects of the tax exemption laws and ordinances.

(c) ....”

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. 222 (H.B. 1821) of the 4<sup>th</sup> Session of the 15<sup>th</sup> Legislature of Puerto Rico:

**AN ACT** to amend subsection (b) of Section 5.01 of Act No. 83 of August 30, 1991, as amended, known as the “Municipal Property Tax Act,” in order to exclude the Puerto Rico Housing and Human Development Trust from the application of the aforementioned Act,

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

In San Juan, Puerto Rico, today 8<sup>th</sup> of December of 2006.

Francisco J. Domenech  
**Director**