



Contact:

María de Lourdes Martínez: 787-400-3597

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**Statement by the Puerto Rico Senate President Eduardo A. Bhatia on
Recent Misleading Press Reports as to the Alleged Discovery of \$2
Billion in Commonwealth Resources**

SAN JUAN, PR – Recently, the news media has been incorrectly reporting, and/or suggesting, that the Commonwealth of Puerto Rico (the “Commonwealth”) has discovered an amount of approximately \$2 billion in previously unaccounted for resources. Nothing can be farther from the truth.

In fact, emphasis has been erroneously placed on revenue sources, when the real issue is the presence of historic non-general governmental budgetary funds that contribute to the Commonwealth’s financing gap in a currently estimated annual amount of ~\$235 million in the Commonwealth’s *Fiscal and Economic Growth Plan*. The issue here should be one of perceived lack of spending controls at the Office of Management and Budget (OMB), not one of unaccounted revenues. Many of these budgetary funds continue to have legitimate purposes.

Attached as an Exhibit A is a table that identifies resources of Commonwealth and certain public corporations that did not form part of the General Fund for FY15, which includes for example, the sales and use tax revenues designated for the payment of COFINA bonds, the portion of the sales and use tax belonging to the municipalities, Commonwealth subsidies to HTA, and “own treasury” funds belonging to certain public corporations (such as the Compulsory Liability Insurance Joint Underwriting Association, “ACA” by its Spanish acronym, and the Puerto Rico State Insurance Fund Corporation).

Closing spending authority with respect to non-general governmental budgetary funds (a contributor to what is often referred to as part of the “shadow deficit”) has been a priority of the Puerto Rico Senate. The local fiscal oversight board legislation presented back in October, 2015 (SB.1513), as introduced by the Administration, originally provided in its Article 305 for the closure of all such budgetary funds if: (1) they had been inactive for a period of more than three (3) years or (2) had not received budgetary assignments within the last twelve (12) months. Unfortunately, despite the Puerto Rico Senate advocating for Article 305, it did not make the final approved legislation, having received opposition from, among others, OMB itself. This is one of the reasons that led me to publicly recognize at the time that Act 208-2015 would need to be subsequently amended, if it was to have any chance to work as contemplated.



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As Senate President, I have personally been closely monitoring the Commonwealth's fiscal outlook. The Commonwealth's *Fiscal and Economic Growth Plan*, for example, accounts for the revenues listed in Exhibit A, and also provides an estimate of the deficit resulting from the existence of non-general governmental budgetary funds. Furthermore, as part of the FY17 budget process, and anticipating the need for a possible general moratorium, the Puerto Rico Senate urged that certain identified available funds be designated: (1) to cover the full amount of additional uniform contribution (AUC) to the Commonwealth's pension funds required from the General Fund; (2) to pay-down accounts payable to the Commonwealth's suppliers; (3) to promote social justice to our policemen and teachers by transitioning them into participating in federal social security; and (4) for payment of debt in an amount consistent with the *Fiscal and Economic Growth Plan*.

The Puerto Rico Senate, as always, will continue to monitor the Commonwealth's fiscal outlook.

Exhibit A:

Recaudos Contributivos que no ingresan al Fondo General AF 2014-15 (millones de \$)	Cobros de Hacienda para Fondos Especiales de Agencias (millones de \$)
Retenida a no Residentes	Agencia
7.5% del Fondo de Desarrollo Econ. Ley 73	Administración de Compensaciones por Accidentes de Automóviles
sub total	Autoridad de Carreteras y Transportación
44.1	Autoridad de Transporte Integrado
44.1	Autoridad para el Financiamiento de la Vivienda
Cigarrillos	Autoridad para el Manejo de Desperdicios Sólidos
Transferido Carreteras	Compañía de Fomento Industrial
20.0	Cuerpo de Bomberos de Puerto Rico
Transferido AMA	Departamento de Desarrollo Económico y Comercio
9.6	Departamento de Estado
Oficinas ex gobernadores	Departamento de Hacienda
1.0	Departamento de Justicia
Taller dramático WIPR	Departamento de la Vivienda
0.8	Departamento de Transportación y Obras Públicas
Escuelas de Artes Plásticas	Departamento de Recursos Naturales
0.6	Desarrollo de las Artes y Ciencias de la Industria Cinematográfica.
Conservatorio	Junta de Calidad Ambiental
0.6	Oficina de Gerencia de Permisos
Corporación de las Artes Musicales	Policía de Puerto Rico
0.6	Seguro Compulsorio
sub total	Total
33.2	409.1
Vehículos de motor	Nota: Ingresos por concepto de licencias, multas, derechos, permisos, certificaciones, cargos administrativos, sellos, primas y otros.
Fondo Energía Verde	Resumen:
20.0	Recaudos Contributivos que no ingresan al Fondo General
sub total	1,614.3
20.0	Cobros de Hacienda para Fondos Especiales de Agencias
IVU	409.1
Cofina	Total
669.5	2,023.4
Cine	
3.2	
FAM	
118.0	
sub total	
790.7	
Arbitrios sobre embarques de ron	
AFI	
117.0	
Fidelcomiso	
7.5	
Rones	
122.3	
Fondo Ciencia y Tecnología	
5.0	
sub total	
251.8	
Arbitrio gasolina	
159.0	
Arbitrio petróleo crudo y derivados	
291.7	
Arbitrio azúcar (Fondo Desarrollo Agrícola)	
8.4	
Arbitrios gomas (JCA)	
9.0	
Arbitrio diesel (Carreteras)	
6.4	
Total	
1,614.3	