

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



David A. Skeel, Jr.
Chair

Members
Andrew G. Biggs
Arthur J. González
Antonio L. Medina
John E. Nixon
Justin M. Peterson
Betty A. Rosa

BY ELECTRONIC MAIL

June 30, 2022

Hon. Pedro Pierluisi Urrutia
Governor
Commonwealth of Puerto Rico

Dear Governor Pierluisi Urrutia,

Pursuant to the Resolution, a copy of which is attached hereto as **Exhibit A** (the “Resolution”), adopted by the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), and Section 202(e)(2) of the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), the Oversight Board hereby issues to the Governor this compliance certification that the fiscal year 2023 budget for the Center for Municipal Revenue Collection (“CRIM,” for its Spanish acronym), identified in **Exhibit 1 through Exhibit 3** hereto, as developed by the Governor, is a compliant budget as set forth in the Resolution.

The Oversight Board looks forward to working with the Commonwealth and CRIM to accomplish the requirements and goals of PROMESA for the benefit of the people of Puerto Rico.

Sincerely,

David A. Skeel, Jr.

Andrew G. Biggs
Arthur J. González
Antonio L. Medina
John E. Nixon
Justin M. Peterson
Betty A. Rosa

CC: CRIM Governing Board
Mr. Reinaldo Paniagua Látimer
Hon. Omar Marrero Díaz

EXHIBIT A

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO

July 30, 2022

RESOLUTION CERTIFYING THE FISCAL YEAR 2023 BUDGET FOR CRIM

WHEREAS, on June 30, 2016, the federal Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”) was enacted; and

WHEREAS, Section 101 of PROMESA created the Financial Oversight and Management Board for Puerto Rico (the “Board”); and

WHEREAS, Section 202(c) of PROMESA establishes a multi-step procedure for the development, review, and approval of budgets for cover instrumentalities of the Commonwealth of Puerto Rico, such as the Center for Municipal Revenue Collection (“CRIM”), providing that: (i) the Governor must submit a proposed budget to the Board; (ii) the Board must review the proposed budget and determine, in the Board’s sole discretion, either that the proposed budget complies with the applicable fiscal plan or that it does not, in which case the Board must issue a notice of violation and recommended revisions, giving the Governor an opportunity to correct the violations; (iii) the Governor may then submit a revised proposed budget; and (iv) if the Governor fails timely to submit a proposed budget that the Board determines in its sole discretion is a compliant budget, the Board shall develop and submit to the Governor its own compliant budget; and

WHEREAS, on February 9, 2022, pursuant to Section 201(a) of PROMESA, the Board submitted to the Governor a schedule for the submission, approval and certification of the 2022 Fiscal Plan and fiscal year 2023 budget for CRIM; and

WHEREAS, on February 22, 2022, pursuant to Section 201(a) of PROMESA, the Board submitted to the Governor a revised schedule for the submission, approval and certification of the 2022 Fiscal Plan and fiscal year 2023 budget for CRIM; and

WHEREAS, on March 24, 2022, CRIM requested a 10-day extension – from March 25, 2022 to April 4, 2022 – for the submission of the proposed 2022 Fiscal Plan for fiscal years 2023 through 2027 and, on March 25, 2022, the Board approved the extension request; and

WHEREAS, on April 4, 2022, the Governor submitted to the Board a proposed 2022 Fiscal Plan for CRIM for fiscal years 2023 through 2027; and

WHEREAS, by letter dated April 13, 2022, pursuant to Section 201(c)(3)(B) of PROMESA, the Board provided to the Governor a notice of violation (“NoV”), proposing significant revisions and requesting additional supporting information before the Board could certify the proposed 2022 Fiscal Plan as compliant with the requirements of PROMESA; and

WHEREAS, on April 30, 2022, CRIM requested a 4-day extension – from May 2, 2022 to May 6, 2022 – for the submission of the revised proposed 2022 Fiscal Plan and, in a letter dated May 2, 2022, the Board denied CRIM’s extension request; and

WHEREAS, by email correspondence sent on May 3, 2022, the Governor submitted to the Board a revised proposed 2022 Fiscal Plan for CRIM for fiscal years 2023 through 2027. CRIM’s submission did not address the revisions required by the Board in the NoV to lower tax revenues based on concerns of incomplete and incorrect underlying property registry data; and

WHEREAS, on May 20, 2022, the Board, pursuant to Section 201(a) of PROMESA, certified the 2022 Fiscal Plan, which covers fiscal years 2023 through 2027, as developed by the Board (the “2022 CRIM Certified Fiscal Plan”); and

WHEREAS, on May 23, 2022, pursuant to Section 202(b) of PROMESA, the Board provided to the Governor a forecast of revenues to be used for the development of a proposed fiscal year 2023 budget for CRIM; and

WHEREAS, on May 27, 2022, CRIM requested that the Board make certain revisions to the 2022 CRIM Certified Fiscal Plan, including the revision of the real property tax revenues and projected collections; and

WHEREAS, on May 31, 2022, the Governor submitted a proposed fiscal year 2023 budget for CRIM; and

WHEREAS, by email correspondence dated June 3, 2021, the Board informed CRIM it had until June 7, 2022 to submit additional data to corroborate its May 27, 2022 request to amend the 2022 CRIM Certified Fiscal Plan, but CRIM did not submit the data by the established deadline; and

WHEREAS, on June 8, 2022, the Board determined that the proposed fiscal year 2023 budget was not compliant with the 2022 CRIM Certified Fiscal Plan for and, pursuant to Section 202(c)(1)(B) of PROMESA, submitted an NoV to the Governor establishing that the proposed fiscal year 2023 budget for CRIM required further revisions before it could be certified by the Board under Section 202(c)(1)(A) of PROMESA; and

WHEREAS, on June 15, 2022, CRIM requested a 3-business day extension – until June 21, 2022 – to submit the proposed fiscal year 2023 budget to the Board. Additionally, CRIM provided the data requested by the Board via email correspondence on June 3, 2022 to corroborate CRIM’s May 27, 2022 request to amend the 2022 CRIM Certified Fiscal Plan, to increase revenues by \$8 million from increased collections of past due real estate taxes, which the Board deemed to be consistent with 2022 CRIM Certified Fiscal Plan; and

WHEREAS, on June 16, 2022, the Board approved the requested extension and acknowledged receipt of CRIM’s data; and

WHEREAS, on June 21, 2022, the Governor submitted an incomplete revised proposed fiscal year 2023 budget for CRIM, which was amended on June 23, 2022; and

WHEREAS, after substantial deliberations, the Board has determined that the revised proposed fiscal year 2023 budget for CRIM, as submitted by the Governor, is a compliant budget pursuant to Section 202(e)(2) of PROMESA, which budget is attached hereto as Exhibit 1 through Exhibit 3 (the “2023 Compliant CRIM Budget”);

NOW, THEREFORE, IT IS HEREBY RESOLVED THAT, pursuant to Section 202(e)(2) of PROMESA, the Board certifies the Governor’s 2023 Compliant CRIM Budget, which shall be in full force and effect beginning on July 1, 2022, and as to which the Board shall issue a compliance certification to the Governor.

EXHIBIT 1:
CENTER FOR MUNICIPAL REVENUE COLLECTION
FISCAL YEAR 2023 CERTIFIED BUDGET FOR THE GENERAL TRUST*

* Revenues of the municipalities required to be deposited by the CRIM in the General Trust fund established pursuant to Article 7.003(c) of Act 107 of August 14, 2020, (hereinafter referred to as “Trust Revenues”). Trust Revenues shall continue to be deposited in accordance with the provisions of Act 107-2020 as of the date hereof and without modification.

Dollars in Thousands

FY2023

Trust Revenues

Property Taxes

State Redemption Fund Tax \$123,330

Special Additional Tax (CAE) 413,507

Basic Tax 612,074

Total Property Taxes¹ 1,148,911

Equalization Fund

Electronic Lottery Proceeds 48,030

Commonwealth Transfer 43,946

Act 53-2021 Extraordinary Fund (Sub-Fund)² 57,980

Total Equalization Fund 149,956

Total Trust Revenues 1,298,866

Trust Expenses

Distribution to Debt Funds

State Redemption Fund (\$123,330)

CAE Redemption Fund (413,507)

Total Distribution to Debt Funds (536,837)

Distribution to Municipalities and Other Disbursements

Distribution to Municipalities (716,544)

Other Expenses Paid on Behalf of Municipalities

CRIM Administrative Fee (30,604)

Net Interest (4,000)

Repayment of Act 42-2000 Line of Credit (8,294)

Repayment of Act 146-2001 Line of Credit (2,587)

Total Distribution to Municipalities and Other Disbursements (762,029)

Total Trust Expenses

(\$1,298,866)

1) CRIM sent to FOMB the requested analysis of the redistribution of property taxes and proposed modification to the certified Fiscal Plan that also increased revenues \$8 million from projected increases of past due real estate taxes.

FOMB has deemed the modification to be consistent with Fiscal Plan

2) Extraordinary Fund to Attend to the Collection and Disposal of Residues, Waste and to Implement Recycling Programs in the Municipalities, hereinafter the "Extraordinary Fund", which will be within the "Equalization Fund of the Municipalities" provided in Article 7.015 of Law 107-2020, as amended, but in a separate account of other income of said fund, and that will be used for the specific purposes provided in this Law.

EXHIBIT 2:
CENTER FOR MUNICIPAL REVENUE COLLECTION
FISCAL YEAR 2023 CERTIFIED OPERATING BUDGET

Operating Revenues

CRIM Administrative Fee	\$30,606
Service Charges to Banks	1,071
Sales of Certification and Maps	807
Rental Income	63
Interest and Miscellaneous Income	7

Total Operating Revenues	\$32,555
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Operating ExpensesSalaries and Fringe Benefits

Regular Salary	(13,565)
PayGo	(4,928)
Healthcare Plan	(1,367)
Other Employer Contribution	(1,722)
Payroll for Additional Personnel	(1,185)
Christmas Bonus	(270)

Total Salaries and Fringe Benefits	(23,037)
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Professional and Consulting Services

Professional Services	(1,787)
Security Services	(580)
Non-Professional Services	(15)

Total Professional and Consulting Services	(2,383)
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Travel and Representation

Mileage	(239)
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Meal Allowance	(103)
Parking And Tolling	(14)
Other Travel and Representation	(23)

Total Travel and Representation (379)

Expenses (cont'd)

Supplies and Materials

Postage	(842)
Equipment	(329)
Promotions	(237)
Printed Forms	(46)
Other Supplies and Materials	(46)

Total Supplies and Materials (1,500)

Purchased Services

Rent	(1,351)
Repairs and Maintenance	(1,230)
Licenses	(994)
Insurance and Premiums	(195)

Total Purchased Services (3,770)

Utilities

PREPA	(725)
Telephone	(202)
PRASA	(150)

Total Utilities (1,077)

Other Operating Expenses	(409)
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Total Operating Expenses	(\$32,555)
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EXHIBIT 3:
ENFORCEMENT OF THE CENTER FOR MUNICIPAL REVENUE COLLECTION'S
FISCAL YEAR 2023 CERTIFIED BUDGET

Section 1.- Any expenditure cannot exceed the lower of: (1) the amount authorized in this budget for the corresponding government entity and concept of expenditure or (2) the corresponding resources available to CRIM in FY2023.

Section 2.- All authorized budget amounts, for any prior fiscal year that are not authorized or certified in this joint resolution, are eliminated and no carry over of such funds may be used, except for the following which the Oversight Board redeploys as current appropriations, subject to Oversight Board adjustment at any time: (1) appropriations authorized in the fiscal year to carry out capital expenditures that have been encumbered, accounted for and kept on the books, but not exceeding two fiscal years on the books; (2) appropriations in the certified budget for equipment with procurement cycles that extend beyond the end of the fiscal year, which are encumbered on or before June 30, 2023 and (3) the portion of the appropriations authorized for the fiscal year that have been encumbered on or before June 30 of such fiscal year which shall be kept in the books for 60 days after the termination of that fiscal year and after those 60 days no amount shall be drawn against such portion for any reason. This restriction on the use of unused authorized prior fiscal year amounts shall not apply to orders by the United States district court with jurisdiction over all matters under Title III of PROMESA.

Section 3.- Any power of OMB, AAFAF, or the Department of the Treasury, including the authorities granted under Act 230-1974, as amended, to authorize the reprogramming or extension of authorized budget amounts of prior fiscal years is hereby suspended. Authorized budget amounts in this FY2023 budget may only be reprogrammed with the approval of the Oversight Board. For the avoidance of doubt, this prohibition includes any reprogramming of any amount, line item, or expenditure provided in this budget, regardless of whether it is an intra-agency reprogramming.

Section 4.- Pursuant to Section 203, CRIM must submit to the Oversight Board, no later than 15 days after the last day of each quarter of FY2023, a budget to actual report, along with an explanation of relevant variances as provided in the certified Fiscal Plan. The Oversight Board may determine to provide CRIM a template to be used for such reporting, in which case any quarterly budget to actual reports submitted by CRIM must be submitted consistent with such reporting template.

Section 5.- In conjunction with the reports required by Section 4, a certification to the Oversight Board must be included stating that no authorized budget amount of any previous fiscal year (except for those covered by the exceptions in Section 3 above) has been used to cover any expenditure unless authorized by the approval of the Oversight Board.

Section 6.- The Executive Director of CRIM shall be responsible for not spending or encumbering during FY2023 any amount that exceeds the authorized budget amounts. This prohibition applies to every budget amount authorized herein, including amounts for payroll and related costs. The Executive Director of CRIM shall also certify to the Oversight Board by September 30, 2022, that no amount was spent or encumbered that exceeded the authorized budget amount in the certified budget for fiscal year 2023.

Section 7.- The Oversight Board reserves the right to, in its sole discretion, issue a notice to the Governor, pursuant to Section 202(a), setting forth a schedule for revising CRIM's budget.

Section 8.- The CRIM budget shall be adopted in English and Spanish. If in the interpretation or application of the budget, a conflict arises between the English and Spanish texts, the English text shall govern.

Section 9.- The CRIM budget for FY2023 shall take effect on July 1, 2022.

FIGURA 1:
PRESUPUESTO CERTIFICADO DEL FIDEICOMISO PARA EL AÑO FISCAL 2023
PARA EL CENTRO DE RECAUDACIÓN DE INGRESOS MUNICIPALES*

* Los ingresos de los municipios deben ser depositados por el CRIM en el Fideicomiso establecido de conformidad con el Artículo 7.003(c) de la Ley Núm. 107 de 14 de agosto de 2020, mejor conocida como el “Código Municipal de Puerto Rico”, (en adelante "Ingresos Fiduciarios"). Los Ingresos Fiduciarios continuarán depositándose de acuerdo con las disposiciones de la Ley 107-2020 a la fecha y sin ser modificados.

Ingresos FiduciariosContribución Sobre la Propiedad

Contribución al Fondo Estatal de Redención		\$123,330
Contribución Adicional Especial (CAE)	413,507	
Contribución Básica Municipal	612,074	

Total de Contribución Sobre la Propiedad¹	1,148,911	
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Fondo de Equiparación

35% de Ingresos Netos de la Lotería Electrónica	48,030	
Transferencia del Fondo General del Gobierno Central de Puerto Rico	43,946	
Act 53-2021 Fondo Extraordinario ¹	57,980	

Total de Fondo de Equiparación	149,956	
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Total de Ingresos Fiduciarios		\$1,298,866
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Gastos FiduciariosDistribución a Fondos de Redención de Deuda

Fondo de Redención de la Deuda Estatal		(\$123,330)
Fondo de Redención de la Deuda Pública Municipal (CAE)	(413,507)	

Total de Distribución a Fondos de Redención de Deuda	(536,837)	
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Distribución a Municipios y Otros Desembolsos

Distribución a Municipios	(716,544)	
<i>Otros Desembolsos para el Pago de Obligaciones de los Municipios</i>		
Cargo Administrativo del CRIM	(30,604)	
Intereses Netos	(4,000)	
Pago de la Línea de Crédito de la Ley 42-2000	(8,294)	
Pago de la Línea de Crédito de la Ley 146-2001	(2,587)	

Total de Distribución a Municipios y Otros Desembolsos	(762,029)	
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Total de Gastos Fiduciarios		(\$1,298,866)
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1) El CRIM envió a la JSAF el análisis solicitado sobre la redistribución del impuesto a la propiedad y la propuesta de modificación al Plan Fiscal certificado que también aumentó los ingresos \$ 8 millones de aumentos proyectados de impuestos sobre la propiedad. La JSAF ha considerado que la modificación es consistente con el Plan Fiscal

2) "Fondo Extraordinario para Atender el Recogido y Disposición de Residuos, Desperdicios y para Implementar Programas de Reciclaje en los Municipios", en adelante el "Fondo Extraordinario", el cual estará dentro del "Fondo de Equiparación de los Municipios" dispuesto en el Artículo 7.015 de la Ley 107-2020, según enmendado, pero en una cuenta separada de otros ingresos de dicho fondo, y que se utilizara para los propósitos específicos dispuestos en esta Ley.

FIGURA 2:
PRESUPUESTO OPERATIVO CERTIFICADO PARA EL AÑO FISCAL 2023
PARA EL CENTRO DE RECAUDACIÓN DE INGRESOS MUNICIPALES

Ingresos Operacionales

Cargo Administrativo del CRIM	\$30,606
Cargos por Servicio a Bancos	1,071
Venta de Certificaciones y Mapas	807
Ingresos por Alquiler de Locales	63
Intereses y Otros Ingresos	7

Total de Ingresos Operacionales **\$32,555**

Gastos OperacionalesSalarios y Beneficios

Salarios Puestos Regular	(13,565)
Sistemas de Retiro PayGo	(4,928)
Plan Médico	(1,367)
Otras Aportaciones Patronales	(1,722)
Salarios para Empleados Adicionales	(1,185)
Bono de Navidad	(270)

Total de Salarios y Beneficios **(23,037)**
Servicios Profesionales y de Consultoría

Servicios Profesionales	(1,787)
Servicios de Seguridad	(580)
Servicios No Profesionales	(15)

Total de Servicios Profesionales y de Consultoría **(2,383)**
Viajes y Representación

Millaje	(239)
Dietas	(103)
Estacionamiento y Peaje	(14)

Otros Viajes y Representación	(23)
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Total de Viajes y Representación	(379)
Gastos Operacionales (cont.)	
<u> Materiales </u>	
Franqueo	(842)
Formas Impresas	(329)
Promociones	(237)
Equipo	(46)
Otros Materiales	(46)
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Total de Materiales	(1,500)
<u> Servicios Comprados </u>	
Reparaciones y Mantenimiento	(1,351)
Renta	(1,230)
Licencias de Programas	(994)
Seguros y Primas	(195)
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Total de Servicios Comprados	(3,770)
<u> Servicios Públicos </u>	
Pago de Servicios Autoridad de Energía Eléctrica	(725)
Comunicaciones y Teléfonos	(202)
Pago de Servicios Autoridad de Acueductos y Alcantarillados	(150)
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Total de Utilidades	(1,077)
Otros Gastos Operacionales	(409)
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Total de Gastos Operacionales	(\$32,555)
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FIGURA 3:
APLICACIÓN DEL PRESUPUESTO CERTIFICADO PARA EL AÑO FISCAL 2023
PARA EL CENTRO DE RECAUDACIÓN DE INGRESOS MUNICIPALES

Sección 1.- Ningún gasto podrá exceder lo menor de: (1) la cantidad autorizada en este presupuesto para la entidad gubernamental correspondiente y el concepto de gasto o (2) los recursos correspondientes disponibles a CRIM en el AF2023.

Sección 2.- Todas las cantidades presupuestarias autorizadas, para cualquier año fiscal anterior que no sean autorizadas o certificadas en esta resolución, se eliminan y ningún sobrante de dichos fondos podrá ser utilizado, excepto por lo siguiente que la Junta de Supervisión reasigna como asignaciones corrientes, sujetas a ajuste de la Junta de Supervisión en cualquier momento: (1) asignaciones autorizadas en el año fiscal para llevar a cabo mejoras capitales que han sido obligadas, contabilizadas e incluidas en los libros, pero no excediendo dos años en los libros; (2) asignaciones en el presupuesto certificado para equipo con ciclos de adquisición que se extienden más allá del fin del año fiscal, que han sido obligadas en o antes del 30 de junio de 2023 y (3) la porción de la asignación autorizada para el año fiscal que ha sido obligada en o antes del 30 de junio de tal año fiscal la cual será mantenida en los libros por sesenta días luego de la terminación de tal año fiscal y que luego de esos sesenta (60) días tal porción no podrá utilizarse por razón alguna. Esta restricción en el uso de cantidades autorizadas en años fiscales previos, pero no utilizadas no se aplicará a órdenes de la Corte de Distrito de los Estados Unidos con jurisdicción sobre todas las materias bajo el Título III de PROMESA.

Sección 3.- Las asignaciones aprobadas en este presupuesto solo pueden ser reprogramadas con la autorización previa de la Junta de Supervisión. Para evitar cualquier duda, esta prohibición incluye la reprogramación de cualquier cantidad, partida o gasto establecido en este presupuesto, sin consideración de si constituye una reprogramación dentro de la propia agencia. Las reprogramaciones, también conocidas como reasignaciones, se pueden convertir en conceptos de gastos y/u objetos no listados explícitamente en la resolución de presupuesto certificado del AF2023 en la medida en que dichas solicitudes son sometidas a, y aprobadas por, la Junta de Supervisión.

Sección 4.- Conforme a la Sección 203 de PROMESA, CRIM tiene que someterle a la Junta de Supervisión, no más tarde de quince (15) días luego del último día de cada trimestre del AF2023, un informe de presupuesto comparado con la realidad, acompañado de una explicación de las varianzas relevantes según establecido en el Plan Fiscal certificado. La Junta de Supervisión puede decidir proveerle a CRIM de un formato para ser utilizado en dichos informes, en cuyo caso cualquier informe trimestral de presupuesto comparado con la realidad sometido por CRIM debe ser sometido de manera consistente con dicho formato.

Sección 5.- Junto con los informes requeridos bajo la Sección 4, debe ser incluida una certificación a la Junta de Supervisión declarando que ninguna cantidad presupuestaria autorizada en cualquier año fiscal anterior (excepto aquellas cubiertas por las excepciones aquí mencionadas) ha sido utilizada para cubrir gasto alguno a menos que haya sido autorizado por la Junta de Supervisión.

Sección 6.- El Director Ejecutivo de CRIM será responsable de no gastar u obligar durante el AF2023 cualquier cantidad que exceda las cantidades presupuestarias autorizadas. Esta prohibición aplica a toda cantidad presupuestaria aquí autorizada, incluyendo las cantidades para la nómina y los costos relacionados. El Director Ejecutivo de CRIM también certificará a la Junta

de Supervisión a más tardar el 30 de septiembre de 2022 que ninguna cantidad fue gastada u obligada en exceso de la cantidad presupuestaria autorizada para el año fiscal 2022.

Sección 7.- La Junta de Supervisión se reserva el derecho a, en su sola discreción, emitir un aviso a la Gobernadora, conforme a la Sección 202(a) de PROMESA, estableciendo un itinerario para la revisión del presupuesto de CRIM.

Sección 8.- El presupuesto de CRIM será aprobado tanto en inglés como español. Si en la interpretación o aplicación del presupuesto surgiera un conflicto entre las versiones en inglés y español, el texto en inglés prevalecerá.

Sección 9.- El presupuesto de CRIM para el AF2023 entrará en vigor el 1 de julio de 2022.