



David A. Skeel Jr.
Chair

Members

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

Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

June 30, 2023

Honorable Pedro R. Pierluisi Urrutia
Governor of Puerto Rico

Dear Governor Pierluisi:

Pursuant to a 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, the Oversight Board hereby issues to the Governor this compliance certification that the Fiscal Year 2024 budget for the Center for Municipal Revenue Collection (“CRIM,” for its Spanish acronym), identified in **Exhibits 1-2** to the Resolution (the “Fiscal Year 2024 Budget for CRIM”), is a compliant budget as set forth in the Resolution.

The Oversight Board looks forward to working with you and CRIM to implement fully the Fiscal Year 2024 Budget for CRIM 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

Governor Pierluisi
June 30, 2023
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CC: Mr. Robert F. Mujica Jr.
Hon. Omar Marrero Díaz
CRIM Governing Board

EXHIBIT A

FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO

June 29, 2023

**RESOLUTION CERTIFYING FISCAL YEAR 2024 BUDGET
FOR THE CENTER FOR MUNICIPAL REVENUE COLLECTION**

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

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

WHEREAS, Section 202(c) of PROMESA establishes a multi-step procedure for the development, review, and approval of budgets for covered instrumentalities of the Commonwealth of Puerto Rico, such as the Center for Municipal Revenue Collection (“CRIM,” for its Spanish acronym), providing that: (i) the Governor must submit a proposed budget to the Oversight Board; (ii) the Oversight Board must review the proposed budget and determine, in the Oversight Board’s sole discretion, either that the proposed budget complies with the applicable fiscal plan or that it does not, in which case the Oversight Board must issue a notice of violation (“NoV”) 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 Oversight Board determines in its sole discretion is a compliant budget, the Oversight Board shall develop and submit to the Governor its own compliant budget;

WHEREAS, by letter dated March 6, 2023, the Oversight Board, pursuant to Section 201(a) of PROMESA, submitted to the Governor a schedule for developing, submitting, approving, and certifying the 2023 Fiscal Plan and Fiscal Year 2024 budget for CRIM;

WHEREAS, on April 6, 2023, CRIM, pursuant to Section 201(c)(2) of PROMESA, submitted to the Oversight Board its proposed 2023 Fiscal Plan for Fiscal Years 2024 through 2028 (the “Proposed Plan”);

WHEREAS, by letter dated April 21, 2023, pursuant to Section 201(c)(3)(B) of PROMESA, the Oversight Board provided a NoV to the Governor requiring additional measures and supporting information before the Oversight Board could certify the Proposed Plan as compliant with the requirements of PROMESA;

WHEREAS, by email correspondence sent on May 3, 2023, pursuant to Section 201(d)(1) of PROMESA, CRIM submitted to the Oversight Board its revised proposed 2023 Fiscal Plan, which addressed several of the key items outlined in the Oversight Board’s NoV, but did not include certain additional information requested in the NoV, including details related to new measures and revenue projections;

WHEREAS, on May 22, 2023, the Oversight Board, pursuant to Section 201(e) of PROMESA, certified the 2023 Fiscal Plan for CRIM, which covers Fiscal Years 2024 through 2028, as developed by the Oversight Board (the “Certified 2023 CRIM Fiscal Plan”);

WHEREAS, by letter dated May 22, 2023, the Oversight Board, pursuant to Section 202(b) of PROMESA, provided to the Governor a forecast of revenues to be used for the development of a proposed Fiscal Year 2024 budget for CRIM;

WHEREAS, by email correspondence dated June 2, 2023, CRIM, pursuant to Section 202(c)(1) of PROMESA, submitted its proposed Fiscal Year 2024 budget;

WHEREAS, by letter dated June 13, 2023, the Oversight Board determined that CRIM’s proposed Fiscal Year 2024 budget was not compliant with the Certified 2023 CRIM Fiscal Plan and, pursuant to Section 202(c)(1)(B) of PROMESA, submitted a NoV to CRIM requiring revisions to the proposed Fiscal Year 2024 before it could be certified by the Oversight Board under Section 202(c)(1)(A) of PROMESA;

WHEREAS, by email correspondence dated June 23, 2023, CRIM, pursuant to Section 202(c)(2) of PROMESA, submitted a revised proposed Fiscal Year 2024 budget that addressed the primary items outlined in the Oversight Board’s NoV, including adjustments to budgeted revenues to align with the Certified 2023 CRIM Fiscal Plan;

WHEREAS, after substantial deliberations, the Oversight Board has determined that CRIM’s revised proposed Fiscal Year 2024 budget is a compliant budget as required by Section 202(e)(2) of PROMESA, which budget is attached hereto as Exhibit 1 and 2 (the “Fiscal Year 2024 Compliant CRIM Budget”);

NOW, THEREFORE, IT IS HEREBY RESOLVED that, pursuant to Section 202(e)(2) of PROMESA, the Oversight Board shall submit to the Governor the Fiscal Year 2024 Compliant CRIM Budget, and such budget shall be: (i) deemed to be approved by the Governor; (ii) the subject of a compliance certification to be issued by the Oversight Board to the Governor; and (iii) in full force and effect beginning on July 1, 2023.

EXHIBIT 1:
CENTER FOR MUNICIPAL REVENUE COLLECTION'S
FISCAL YEAR 2024 CERTIFIED BUDGET FOR THE GENERAL TRUST*

* Revenues of the municipalities are 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 Thousands¹	FY2024
Trust Revenues	
<u>Property Taxes</u>	
State Redemption Fund Tax	\$122,709
Special Additional Tax (CAE)	410,946
Basic Tax	607,049
Total Property Taxes	1,140,704
 <u>Equalization Fund</u>	
Electronic Lottery Proceeds	53,115
Commonwealth Transfer	43,946
Act 53-2021 Extraordinary Fund	51,473
Total Equalization Fund	148,534
Total Trust Revenues	1,289,237
 Trust Expenses	
<u>Distribution to Debt Funds</u>	
State Redemption Fund	(\$122,709)
CAE Redemption Fund	(410,946)
Total Distribution to Debt Funds	(533,655)
 <u>Distribution to Municipalities and Other Disbursements</u>	
Distribution to Municipalities	(715,488)
<i>Other Expenses Paid on Behalf of Municipalities</i>	
CRIM Administrative Fee	(30,352)
Net Interest	(6,000)
Repayment of GDB Shortfall Notes	(3,741)
Total Distribution to Municipalities and Other Disbursements	(755,582)
Total Trust Expenses	(\$1,289,237)

¹ Numbers may not sum to total due to rounding.

EXHIBIT 2:
CENTER FOR MUNICIPAL REVENUE COLLECTION'S
FISCAL YEAR 2024 CERTIFIED OPERATING BUDGET

Dollars in Thousands²	FY2024
Operating Revenues	
CRIM Administrative Fee	\$30,352
Service Charges to Banks	1,417
Sales of Certification and Maps	857
Rental Income	221
Interest and Miscellaneous Income	150
Total Operating Revenues	\$32,997

Operating Expenses

Salaries and Fringe Benefits

Regular Salary	(13,204)
PayGo	(4,930)
Healthcare Plan	(1,251)
Other Employer Contribution	(1,690)
Payroll for Additional Personnel	(1,425)
Christmas Bonus	(256)
Total Salaries and Fringe Benefits	(22,757)

Professional and Consulting Services

Professional Services	(1,803)
Security Services	(640)
Non-Professional Services	(15)
Total Professional and Consulting Services	(2,459)

Travel and Representation

Mileage	(239)
Meal Allowance	(103)
Parking And Tolling	(14)
Other Travel and Representation	(23)
Total Travel and Representation	(379)

² Numbers may not sum to total due to rounding.

Expenses (cont'd)Supplies and Materials

Postage	(1,179)
Equipment	(109)
Promotions	(237)
Printed Forms	(46)
Other Supplies and Materials	(48)
Total Supplies and Materials	(1,619)

Purchased Services

Rent	(1,371)
Repairs and Maintenance	(1,099)
Licenses	(1,530)
Insurance and Premiums	(196)
Total Purchased Services	(4,196)

Utilities

PREPA	(850)
Telephone	(202)
PRASA	(150)
Total Utilities	(1,202)

Other Operating Expenses	(386)
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Total Operating Expenses	(\$32,997)
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EXHIBIT 3:
ENFORCEMENT OF THE CENTER FOR MUNICIPAL REVENUE COLLECTION'S
FISCAL YEAR 2024 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 FY2024.

Section 2.- All authorized budget amounts, for any prior fiscal year that are not authorized or certified in the resolution certifying the budget as compliant, 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, 2024; 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. In addition, the foregoing exceptions to the restrictions on expenditures authorized in any prior fiscal year are conditioned on the prior written approval of the Oversight Board. 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 FY2024 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 PROMESA Section 203, CRIM must submit to the Oversight Board, no later than 15 days after the last day of each quarter of FY2024, 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 above, 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 FY2024 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, 2023, 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 PROMESA 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 FY2024 shall take effect on July 1, 2023.