



**PUERTO RICO FISCAL AGENCY
AND FINANCIAL ADVISORY AUTHORITY**
GOVERNMENT OF PUERTO RICO

Government of Puerto Rico

Debt Affordability Report

For Fiscal Year 2024

(Pursuant to Article VI of the Debt Management Policy)

April 2, 2025

Government of Puerto Rico
Debt Affordability Report for Fiscal Year 2024

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1. Introduction

Pursuant to Article VI of the Government of Puerto Rico's (the "**Government**") Debt Management Policy¹ (the "**DMP**"), the Puerto Rico Fiscal Agency and Financial Advisory Authority ("**AAFAF**", for its Spanish acronym) is required to conduct periodic reviews of the affordability of its tax-supported debt and publish an annual Debt Affordability Report (the "**Report**"). This Report covers the Government's review of its debt affordability for Fiscal Year ("**FY**") 2024.

This Report includes illustrative calculations of the comprehensive cap (the "**DMP Comprehensive Cap**") and the Debt Limit (the "**Constitutional Debt Limit**"), as established in the DMP and the Constitution of Puerto Rico (the "**Constitution**"), respectively. These calculations are provided for informational purposes only and are applicable exclusively when the Government issues new tax-supported debt. The Government has not issued any tax-supported debt since the Commonwealth Plan of Adjustment (the "**CW POA**") became effective on March 15, 2022.

Additionally, this Report includes an overview of the Government's tax-supported debt portfolio as of June 30, 2024, along with a risk assessment of the Government's tax-supported debt.

¹ <https://puertoricobonds.pr.gov/puerto-rico-fiscal-agency-and-financial-advisory-authority-pr/documents/view-file/i6113?mediaId=736594>

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2. DMP Comprehensive Cap

A. Debt Policy Revenues

The following table provides a breakdown of the Debt Policy Revenues for FY2023 and FY2024, in accordance with Article I of the DMP.

<i>(\$ in millions)</i>	FY 2023	FY 2024
General Fund Revenues^{1,2}		
Sales and Use Tax	\$ 2,778	\$ 2,979
Individual Income Taxes	2,883	2,616
Corporate Income Taxes	2,954	3,350
Act 154	742	134
Non-Resident Withholdings	662	985
Alcoholic Beverages	292	280
Cigarettes	83	67
Motor Vehicles	652	705
Excise Off-Shore Shipment Rum	186	213
Partnerships	405	364
Petroleum Products	588	590
Other Excise Taxes	50	49
Other General Fund Revenues ³	991	1,062
Sub-total, General Fund Revenues	\$ 13,267	\$ 13,394
General Fund Misc. Tax Streams ⁴	445	479
Conditionally Allocable Revenues ⁵	30	29
Total General Fund Revenues	\$ 13,741	\$ 13,902
Special Revenue Fund (SRFs)		
Commonwealth Agencies Public Corporations ⁶	1,748	2,179
IFCUs ⁷	1,829	2,170
Enterprise Fund Revenues ⁸	927	892
Total Special Revenue Funds	\$ 4,504	\$ 5,241
Total Own Source of Revenues	\$ 18,245	\$ 19,142
COFINA Settlement Amount ⁹	492	511
Debt Policy Revenues	\$ 18,737	19,653

1. Source: Puerto Rico Treasury Department.

2. Note: Starting in FY2024, the Puerto Rico Treasury Department reclassified certain revenues that were previously reported in the 'Conditionally Allocable Revenues' to the 'Petroleum Products' and 'Other General Fund Revenues' captions. To ensure comparability, the FY2023 revenue classifications have been adjusted to align with the updated FY2024 classifications.

3. Note: Caption includes several smaller revenue streams, such as property taxes, motor vehicle license fees, alcohol licenses, insurance premiums, general fund portion of lottery revenues, among others.

4. Note: Caption includes select portions of various revenues associated to General Fund and specific allocations, such as the SUT allocation to FAM, rum cover over taxes transferred to other entities, portions of cigarette excise tax collections allocated to other entities, among others.

5. Note: Caption includes a portion of cigarette excise taxes allocated to certain public corporations based on legal designation.

6. Source: Puerto Rico Treasury Department, Treasury Single Account Liquidity Report – Report 1(A), [Treasury Single Account \(TSA\)](#). Note: Includes all Special State Funds, Own Income, and Other Income related to all Central Government agencies and public corporations (e.g., Gaming Commission, Department of Health, AACA, Transportation and Public Works, Education, Justice, General Services Administration), among approximately 45 other Government entities and programs.

7. Source: Puerto Rico Treasury Department, Independently Forecasted Component Unit Liquidity Report – Report 1(C), [Independently Forecasted Component Unit Liquidity Report - Report 1\(C\)](#). Note: Caption includes own-source revenues generated by the Puerto Rico Tourism Company, ASEs, ADEA, PRITA, ASEM, PBA, Cardiovascular Center Corporation of Puerto Rico and the Caribbean, CCDA, SIFC and AAFAF. In accordance with the DMP, this caption excludes HFA and Ports Authority revenues.

8. Source: Puerto Rico Treasury Department. Note: Caption includes revenues generated by the 9-1-1 Fund, the Lottery Fund, and the Unemployment Fund.

9. Source: Municipal Rulemaking Securities Board, Electronic Municipal Market Access, COFINA Collection Highlights Report, [Municipal Securities Rulemaking Board:EMMA](#).

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The Debt Policy Revenues presented in this report are based on a cash or budgetary accounting basis, recognizing revenue only when cash is received. Conversely, in accordance with the Government Accounting Standards Board (GASB), the Government-wide financial statements are prepared using an accrual basis of accounting, recognizing revenue when earned, regardless of the timing of receipt of the related cashflows and the Governmental Fund financial statements are prepared using modified accrual basis of accounting, recognizing revenue as soon as it both measurable and available, net of the estimated overpayments and amounts considered not collectible. The application of different accounting methods may result in differences between the Debt Policy Revenues contained in this report and the revenues reported in the Government's audited financial statements.

B. DMP Comprehensive Cap Calculation

The following table provides the calculation of the DMP Comprehensive Cap on net tax-supported debt as of June 30, 2024, in accordance with Article II of the DMP. As of June 30, 2024, the Government's Primary Debt Limit Ratio was 5.99%, below the established limit of 7.94%, while the Government's Secured Debt Sub-Limit Ratio remained at 0.00%, below the established limit of 0.25%.

(\$ In millions)	FY 2023	FY 2024
Debt Policy Revenues	\$ 18,737	\$ 19,653
Average Annual Debt Policy Revenues (FY23 & FY24)	\$19,195	
Maximum Annual Debt Service on Net Tax-Supported Debt (Per DMP Exhibit D)¹	\$1,150	
Maximum Annual Debt Service on Secured Net Tax-Supported Debt (As Defined in DMP)²	\$0	
A. Primary Debt Limit Ratio as of June 30, 2024 (Per Article 2.1A of DMP)	5.99%	
Primary Debt Limit (As Defined in DMP)	7.94%	
B. Secured Debt Sub-Limit Ratio as of June 30, 2024 (Per Article 2.1.B of DMP)	0.00%	
Secured Debt Sub-Limit (As Defined in DMP)	0.25%	

1. Note: As defined in Article I of the DMP, excludes debt service on the General Obligation Capital Appreciation Bonds and Contingent Value Instruments issued as part of the CW POA.

2. Note: As defined in Article II of the DMP, excludes debt service on COFINA bonds that were outstanding as of the effective date of the CW POA.

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3. Constitutional Debt Limit

The following table provides the calculation of the Constitutional Debt Limit Ratio as of June 30, 2024, in accordance with Section 2 of Article VI of the Constitution. As of June 30, 2024, the Government's Constitutional Debt Limit Ratio was 5.88%, below the established limit of 15.00%.

(\$ In millions)	FY 2023	FY 2024
General Fund Revenues from Internal Sources ¹	\$ 12,426	\$ 13,150
Average General Fund Revenues from Internal Sources (FY23 & FY24)	\$12,788	
Maximum Annual Debt Service on General Obligation Bonds ²	\$752	
Debt Service Paid on Guaranteed Obligations in Preceding FY ³	\$0	
Debt Service Subject to Constitutional Debt Limit	\$752	
Constitutional Debt Limit Ratio as of June 30, 2024 (§2 Article VI of PR Constitution)	5.88%	
Constitutional Debt Limit (§2 Article VI of PR Constitution)	15.00%	

1. Source: Puerto Rico Department of Treasury, General Fund Net Revenues Report: [General Fund Net Revenues | Puerto Rico Department of Treasury](#). Note: In accordance with Section 2 of Article VI of the Constitution, Revenues from Internal Sources represent the Net General Fund Revenues from Internal Sources as published by the Puerto Rico Department of Treasury.
2. Note: Maximum Annual Debt Service on General Obligation Bonds excludes the debt service on Contingent Value Instruments issued as part of the CW POA and the COFINA bonds that were outstanding as of the effective date of the CW POA.
3. Note: Excluding COFINA bonds that were outstanding as of the effective date of the CW POA, the Government did not have any Guaranteed Obligations as of June 30, 2024.

4. Tax-Supported Debt Portfolio

A. General Obligation Bonds

On the effective date of the CW POA¹, the Central Government issued a total of \$7.4 billion in Current Interest Bonds (the “**New GO CIBs**”) and Capital Appreciation Bonds (the “**New GO CABs**” and together, the “**New GO Bonds**”).

The following table provides the outstanding par amount of New GO CIBs and accreted value of New GO CABs as of June 30, 2024:

New GO CIBs			New GO CABs			
CUSIP	Par Amount (As of 6/30/2024)	Maturity Date	CUSIP	Initial Principal	Accreted Value (As of 6/30/2024)	Maturity Date
74514L3F2	\$ 723,735,000	7/1/2025	74514L3Q8	\$ 288,241,990	\$ 105,970,000	7/1/2024
74514L3G0	717,180,000	7/1/2027	74514L3R6	442,506,554	518,832,600	7/1/2033
74514L3H8	705,545,000	7/1/2029				
74514L3J4	685,290,000	7/1/2031				
74514L3K1	649,835,000	7/1/2033				
74514L3L9	584,115,000	7/1/2035				
74514L3M7	501,325,000	7/1/2037				
74514L3N5	681,610,000	7/1/2041				
74514L3P0	708,865,000	7/1/2046				
Total	\$ 5,957,500,000		Total	\$ 730,748,543	\$ 624,802,600	

¹ March 15, 2022.

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B. COFINA Bonds

On the effective date of the COFINA Plan of Adjustment¹ (the “**COFINA POA**”), COFINA issued a total of \$12 billion in Current Interest Bonds (the “**COFINA CIB Bonds**”) and Capital Appreciation Bonds (the “**COFINA CABs**” and together the “**New COFINA Bonds**”).

The following table provides the outstanding par amount of COFINA CIBs and accreted value of COFINA CABs as of June 30, 2024:

COFINA CIBs			COFINA CABs			
CUSIP	Par Amount (As of 6/30/2024)	Maturity Date	CUSIP	Initial Principal	Accreted Value (As of 6/30/2024)	Maturity Date
74529JPU3	\$ 370,347,000	7/1/2034	74529JQB4	\$ 164,709,061	\$ 73,286,000	7/1/2024
74529JQJ7	4,743,000	7/1/2034	74529JQR9	2,109,895	939,412	7/1/2024
74529JRJ6	456,562,000	7/1/2040	74529JQC2	243,231,623	314,215,764	7/1/2027
74529JRH0	1,851,794,000	7/1/2040	74529JQS7	3,114,981	4,024,050	7/1/2027
74529JQY4	301,265,000	7/1/2040	74529JQD0	217,406,115	280,853,716	7/1/2029
74529JPY5	53,291,000	7/1/2040	74529JQT5	2,784,372	3,596,961	7/1/2029
74529JPV1	187,553,000	7/1/2040	74529JQE8	252,923,992	329,105,440	7/1/2031
74529JRR8	26,422,000	7/1/2040	74529JQU2	3,238,971	4,214,559	7/1/2031
74529JQK4	2,402,000	7/1/2040	74529JQF5	260,417,546	338,859,437	7/1/2033
74529JRQ0	81,670,000	7/1/2040	74529JQV0	3,334,878	4,339,396	7/1/2033
74529JRM9	35,156,000	7/1/2040	74529JQG3	1,094,968,232	1,498,595,480	7/1/2046
74529JPW9	1,375,772,000	7/1/2053	74529JQW8	14,023,070	19,192,255	7/1/2046
74529JRK3	56,194,000	7/1/2053	74529JQH1	631,551,115	876,877,671	7/1/2051
74529JPZ2	827,000	7/1/2053	74529JQX6	8,087,931	11,229,694	7/1/2051
74529JQL2	17,619,000	7/1/2053				
74529JRN7	723,000	7/1/2053				
74529JPX7	3,479,051,000	7/1/2058				
74529JQA6	19,673,000	7/1/2058				
74529JRL1	744,111,000	7/1/2058				
74529JQM0	44,554,000	7/1/2058				
74529JRP2	9,691,000	7/1/2058				
Total	\$ 9,119,420,000		Total	\$ 2,901,901,783	\$ 3,759,329,835	

¹ February 12, 2019.

5. Risk Assessment

A. Authorization for the Issuance of GO Bonds and COFINA Bonds

The bonds issued under the CW POA and COFINA POA were authorized under Puerto Rican law and are protected by the findings, injunctions and continuing jurisdiction of the US District Court for the District of Puerto Rico.

Puerto Rico Act No. 53-2021 (the “**CW POA Legislation**”) and Act No. 241-2018 (the “**COFINA POA Legislation**”) authorized the issuance of the New GO Bonds and New COFINA Bonds. The respective Title III Court Confirmation Orders confirmed that the CW POA Legislation and COFINA POA Legislation were validly enacted by the Government, are valid and effective in accordance with their terms.

B. Debt Management Policy

Pursuant to Article III of Act No. 101-2020, as amended, known as the “Puerto Rico Debt Responsibility Act” (the “**Debt Responsibility Act**”), AAFAF was required to adopt and maintain a debt management policy that is consistent with the CW POA. On March 9, 2022, AAFAF adopted the DMP.

The DMP established procedures and limitations to ensure the prudent use and management of debt instruments by the Government. Specifically, the DMP provides for the following:

Article II: Establishes the DMP Comprehensive Cap on all net tax-supported debt, consisting of the Primary Debt and Secured Debt Sub-Limits, to ensure that new issuances of tax-supported debt do not lead to unsustainable debt levels.

- I. The Central Government has not issued tax-supported debt since the effective date of the CW POA on March 15, 2022; therefore, these limits have not been tested. Nonetheless, as of June 30, 2024, the Government’s tax-supported debt remained below both the Primary Debt and Secured Debt Sub-Limits (refer to Section 2 of the Report for these calculations).*

Article III: The issuance of tax-supported debt is subject to additional restrictions. These include limiting issuances exclusively to capital improvements, establishing maturity limitations, mandating principal amortization for future debt issuances, and setting minimum savings hurdles for refinancings.

- I. The Central Government has not issued tax-supported debt, or refinanced existing tax-supported debt since the effective date of the CW POA on March 15, 2022.*

Article IV: Establishes restrictions on the issuance of debt by Public Corporations. The restrictions set forth in this section do not apply to the Puerto Rico Aqueduct and Sewer Authority (“**PRASA**”), the Puerto Rico Electric Power Authority (“**PREPA**”), and the Puerto Rico Highways and Transportation Authority (“**HTA**”).

- I. *Public Corporations subject to Article IV of the DMP have not issued debt since the establishment of the DMP.*

Article V: Establishes limitations on short-term borrowings and advance fundings, specifically applicable to Tax and Revenue Anticipation Notes (“**TRANS**”) and Bond or Grant Anticipation Notes (“**BANs**” or “**GANs**”).

- I. *Since establishing the DMP, the Government has not issued short-term borrowings or advance fundings.*

Article VI: Requires AAFAF to conduct periodic reviews of the affordability of its tax-supported debt and publish an annual debt affordability report.

- I. *As stated in Section 1, this Report covers the Government’s review of the affordability of its tax-supported debt for FY2024.*

C. Constitutional Debt Limitations

Section 2 of Article VI of the Constitution establishes procedures and limitations to ensure the prudent use and management of debt instruments by the Government. Specifically, the Constitution provides the following guidelines:

Constitutional Debt Limit: Direct obligations of the Government shall not be issued if the principal of, and interest on, such proposed obligations that is payable in any fiscal year, together with any amount paid by the Government in the preceding fiscal year of such proposed issuance on account of obligations guaranteed by the Government, exceeds 15.00% of the average annual revenues deposited into the Treasury in the two fiscal years preceding the fiscal year of such proposed issuance.

- I. *As of June 30, 2024, the Government’s tax-supported debt levels were below the Constitutional Debt Limit (Refer to Section 3 of the Report for this calculations).*

Maturity Limitation: Government obligations shall not mature later than 30 years from their date of issuance, with the exception of housing facility obligations, which may mature up to 40 years from their date of issuance.

- I. *The final maturity for the New GO Bonds issued as part of the CW POA on March 15, 2022, is FY2046. This maturity falls within the maximum allowed*

period of 30 years from the date of issuance. Moreover, the Government did not issue any additional incremental tax-supported debt during FY2024.

D. Use of Derivatives / Exposure to Variable Rate Obligations

On September 9, 2022, AAFAF adopted the Government's Interest Rate Derivatives Policy (the "**Derivatives Policy**"). The purpose of the Derivatives Policy is to provide general procedural direction regarding the future use, procurement and execution of all interest rate management tools, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors. The Derivatives Policy assists AAFAF in determining the appropriate uses and structures for hedging strategies and the administration of derivatives.

- I. Since establishing the Derivatives Policy, the Government has not had exposure to variable debt obligations or other forms of derivative products.*