

Fiscal Plan for the Municipal Revenue Collection Center

The Foundations of Municipal Finances

Fiscal Years 2024 through 2028

CERTIFIED by the Financial Oversight and Management Board for
Puerto Rico

Disclaimer

The Financial Oversight and Management Board for Puerto Rico (the “FOMB,” or “Oversight Board”) has formulated this Fiscal Plan (“Fiscal Plan”) based on, among other things, information obtained from the Municipal Revenue Collection Center (“CRIM” for its Spanish acronym) and the Commonwealth of Puerto Rico (the “Commonwealth,” or “Government,” or “Central Government”). No representations or warranties, express or implied, are made by the Oversight Board with respect to such information.

This document does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with standards established by the American Institute of Certified Public Accountants or any other organization. Accordingly, the Oversight Board cannot express an opinion or any other form of assurance on the financial statements or any financial or other information, or the internal controls of CRIM nor the Government and the information contained herein.

This Fiscal Plan is not a Title III plan of adjustment. It does not specify classes of claims and treatments. It neither discharges debts nor extinguishes liens. This Fiscal Plan is based on what the Oversight Board believes is the best information currently available to it. To the extent the Oversight Board becomes aware of additional information after it certifies this Fiscal Plan that the Oversight Board determines warrants a revision of this Plan, the Oversight Board will so revise it.

For the avoidance of doubt, the Oversight Board does not consider and has not considered anything in the Fiscal Plan as a “recommendation” pursuant to PROMESA Section 205(a). Nevertheless, to the extent that anything in the Fiscal Plan is ever deemed a “recommendation” pursuant to Section 205(a), the Oversight Board hereby adopts it as appropriate in the Fiscal Plan pursuant to PROMESA Section 201(b)(1)(K).

Any statements and assumptions in this document, whether forward-looking or historical, are not guarantees of future performance and involve certain risks, uncertainties, estimates, and other assumptions made in this document. The economic and financial condition of the Government and its instrumentalities is affected by various legal, financial, social, economic, environmental, governmental, and political factors. These factors can be very complex, may vary from one fiscal year to the next, and are frequently the result of actions taken or not taken, not only by the Government, but also by the Oversight Board and other third-party entities such as the government of the United States. Because of the uncertainty and unpredictability of these factors, their impact cannot be included in the assumptions contained in this document.

Future events and actual results may differ materially from any estimates, projections, or statements contained herein.

Nothing in this document should be considered as an express or implied warranty of facts or future events; provided, however, that the Government is required to implement the measures in this 2023 Fiscal Plan and the Oversight Board reserves all its rights to compel compliance. Nothing in this document shall be considered a solicitation, recommendation, or advice to any person to participate, pursue or support a course of action or transaction, to purchase or sell any security, or to make any investment decision.

By receiving this document, the recipient is deemed to have acknowledged the terms of these limitations. This document may contain capitalized terms that are not defined herein or may contain terms that are discussed in other documents or that are commonly understood. You should make no assumptions about the meaning of capitalized terms that are not defined, and you should refer questions to the Oversight Board at comments@oversightboard.pr.gov should clarification be required.

List of Acronyms and Key Terms

| | |
|-------------------------------|---|
| 2001 CRIM Loan | GDB loan dated June 28, 2001, pursuant to Act No. 42-2000 |
| 2002 CRIM Loan | GDB loan dated March 18, 2002, pursuant to Act No. 146-2001 |
| 2020 CRIM Fiscal Plan | CRIM Fiscal Plan certified by the Oversight Board on June 26, 2020 |
| 2021 CRIM Fiscal Plan | CRIM Fiscal Plan certified by the Oversight Board on April 23, 2021 |
| 2022 CRIM Fiscal Plan | CRIM Fiscal Plan certified by the Oversight Board on May 20, 2022 |
| A/R | Accounts Receivable |
| AAFAF | Fiscal Agency and Financial Advisory Authority |
| Act 16-1960 | Act No. 16 of May 31, 1960, as amended |
| Act 29-2019 | Act No. 29 of May 17, 2019 |
| Act 53-2021 | Act No. 53 of October 26, 2021 |
| Act 60-2019 | Act No. 60 of July 1, 2019, as amended |
| Act 72-1993 | Act No. 72 of September 7, 1993, as amended |
| Act 75-1987 | Act No. 75 of July 2, 1987, as amended |
| Act 80-1991 | Act No. 80 of August 30, 1991, as amended |
| Act 83-1991 | Act No. 83 of August 30, 1991, as amended |
| Act 106-2017 | Act No. 106 of August 23, 2017, as amended |
| Act 107-2020 | Act No. 107 of August 14, 2020, as amended |
| Agency | Municipal Revenue Collection Center |
| ARP Act | American Rescue Plan Act of 2021 |
| ASES | Health Insurance Administration |
| Basic Municipal Contributions | Base tax rate on property (4% personal, 6% real) |
| CAE tax | Special Additional Tax |
| CARES Act | Coronavirus Aid, Relief and Economic Relief Act |
| CDBG-MIT | Community Development Block Grant for Mitigation |
| CDL | Community Disaster Loans |
| Central Government | Central Government of the Commonwealth of Puerto Rico |
| Commonwealth | Commonwealth of Puerto Rico |
| COR3 | Central Office for Recovery, Reconstruction and Resiliency |
| CRIM | Municipal Revenue Collection Center |
| CRIM 360 | CRIM's unified billing system |
| DMO | Default Management Office |
| Digital Cadaster | Digital Cadaster of Puerto Rico |
| Electronic Lottery | Additional Lottery System |
| Equalization Fund | Municipal fund established per Article 7.015 of the Municipal Code |

| | |
|-----------------------|--|
| ERP | Enterprise Resource Planning |
| ERS | Retirement System for Employees of the Government of Puerto Rico |
| Extraordinary Fund | Municipal fund established as a sub fund to the Equalization Fund per Article 405 of Act 53-2021 |
| FEMA | Federal Emergency Management Agency |
| FOMB | Financial Oversight and Management Board for Puerto Rico |
| FTE | Full-Time Employee |
| FY | Fiscal Year |
| GDB | Government Development Bank |
| GNP | Gross National Product |
| Government | Central Government of the Commonwealth of Puerto Rico |
| Hacienda | Department of the Treasury of Puerto Rico |
| HANSEN | CRIM's existing billing application |
| HUD | U.S. Department of Housing and Urban Development |
| MFA | Municipal Finance Authority |
| MOU | Memorandum of understanding |
| Municipal Code | Act No. 107 of August 14, 2020, as amended |
| Oversight Board | Financial Oversight and Management Board for Puerto Rico |
| PayGo | Pay-as-you-go pension contributions to the Commonwealth's system |
| PHE | Public Health Emergency |
| POA | The Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al |
| PRASA | Puerto Rico Aqueduct and Sewer Authority |
| PREPA | Puerto Rico Electric Power Authority |
| PROMESA | Puerto Rico Oversight, Management, and Economic Stability Act |
| Regulation 9094 | Regulation Number 9094 of June 18, 2019 |
| State Redemption Fund | Fund holding the 1.03% property tax levied pursuant to the Municipal Code collected by CRIM |
| SKALA II | CRIM's new property appraisal system implemented in FY2022 |
| Tax Relief Program | Tax amnesty program to collect past due property taxes conducted in FY2022 |

Table of Contents

Table of Contents

| | |
|---|----|
| <i>Disclaimer</i> | 1 |
| <i>List of Acronyms and Key Terms</i> | 2 |
| <i>Table of Contents</i> | 4 |
| <i>List of Exhibits</i> | 7 |
| <i>Introduction</i> | 9 |
| <i>Part I. Context</i> | 17 |
| Chapter 1. History of CRIM..... | 17 |
| Chapter 2. CRIM Operations | 19 |
| 2.1 CRIM Operations Improvements | 22 |
| 2.2. Staffing Analysis | 22 |
| 2.3 Default Management Enhancements | 25 |
| <i>Part II. Sources of Funds</i> | 28 |
| Chapter 3. Real Property | 29 |
| 3.1. Values and Exemptions | 29 |
| 3.2. Real Property Tax Rates | 32 |
| 3.3. Collection Rates..... | 33 |
| 3.4. Real Property Tax Revenues Over Time | 36 |
| 3.5 Real Property Tax Reform..... | 37 |
| Chapter 4. Personal Property..... | 39 |
| 4.1. Values and Exemptions | 39 |
| 4.2. Personal Property Tax Rates..... | 41 |
| 4.3. Collection Rates..... | 42 |
| 4.4. Personal Property Tax Revenues Over Time | 43 |
| Chapter 5. Central Government Transfers | 43 |
| 5.1. Commonwealth Transfer | 44 |
| 5.2. Electronic Lottery Funds | 45 |
| 5.3 Extraordinary Fund for Waste | 46 |
| Chapter 6: Other Revenues | 47 |
| <i>Part III. Uses of Funds</i> | 47 |
| Chapter 7. Advances to Municipalities | 48 |
| 7.1. Basic Municipal Tax..... | 49 |

| | |
|---|-----------|
| 7.2. Equalization Fund..... | 49 |
| 7.3. Extraordinary Fund for Waste | 50 |
| 7.4. PayGo Enforcement..... | 51 |
| 7.5. ASES Direct Remittance | 51 |
| 7.6. Statutory and Contractual Debts Paid on Behalf of Municipalities..... | 52 |
| 7.7 Mid-Year and Year-end Liquidation | 54 |
| Chapter 8. Other Transfers | 55 |
| 8.1. Special Additional Tax (“CAE tax”) | 55 |
| 8.2. State Redemption Fund Tax | 56 |
| Chapter 9. CRIM Operating Expenses | 56 |
| Chapter 10. CRIM Flow of Funds..... | 57 |
| <i>Part IV. Fiscal Plan Baseline Forecast</i> | <i>59</i> |
| Chapter 11. Methodologies and Assumptions..... | 59 |
| <i>Part V. Measures</i> | <i>61</i> |
| Chapter 12. CRIM Measures..... | 62 |
| 12.1. Accounts Receivable Portfolio | 62 |
| 12.2 Measures Related to Implementation of SKALA II..... | 63 |
| 12.3 Incorrect Mailing Addresses..... | 65 |
| 12.4. Properties New to the Tax Roll | 66 |
| 12.5. Improving Real Property Tax Collection Rates | 67 |
| 12.6. Home Improvements New to the Tax Roll..... | 68 |
| 12.7. Non-Appraised Properties | 69 |
| 12.8. Swimming Pools New to the Tax Roll | 70 |
| 12.9. Personal Property Self-Reporting Compliance..... | 70 |
| 12.10. Operational and Organizational Development Initiatives | 71 |
| 12.11. Structural Changes to the Property Tax System..... | 72 |
| 12.12. Comprehensive Property Tax Registry..... | 73 |
| 12.13. Accounts Receivable Portfolio | 74 |
| Chapter 13. Timeline and Reporting for CRIM Measures..... | 74 |
| Monitoring and Reporting | 77 |
| <i>Part VI. Forecast with Measures</i> | <i>78</i> |
| <i>Part VII. Appendix</i> | <i>80</i> |
| Appendix 1: Commonwealth Support to Incentivize Municipal Service Consolidation | 80 |

| | |
|--|-----|
| Appendix 2: Local and Federal Disaster Recovery Aid Provided to Municipalities | 81 |
| Appendix 3: Detailed U.S. Treasury Report Criteria | 85 |
| Appendix 4: FEMA Public Assistance Funds..... | 87 |
| Appendix 5: Real Property Tax Exemptions by State and Type..... | 89 |
| Appendix 6: FY2022 Real Property Counts and Values by Municipality | 90 |
| Appendix 7: Incentive Laws Overview..... | 92 |
| Appendix 8: FY2023 Real Property Statutory Tax Rates by Municipality | 93 |
| Appendix 9: Current Year Real Property Collection Rates by Municipality..... | 95 |
| Appendix 10: FY2022 Personal Property Counts and Values by Municipality | 97 |
| Appendix 11: Decrees Identified by CRIM | 99 |
| Appendix 12: FY2023 Personal Property Statutory Tax Rates by Municipality | 100 |
| Appendix 13: Projected Advances to Municipalities for FY2024 | 102 |
| Appendix 14: Projected Advances to Municipalities for FY2025 to FY2028..... | 104 |
| Appendix 15: Disparity in Revenue Capacity Between Municipalities (FY2023)..... | 106 |
| Appendix 16: FY2018 – FY2022 PayGo Debt Outstanding by Municipality..... | 108 |
| Appendix 17: Projected Municipal PayGo Debt for FY2024 to FY2028..... | 110 |
| Appendix 18: Projected Municipal ASES Debt for FY2024 | 114 |
| Appendix 19: Measures Targets by Municipality | 114 |

List of Exhibits

| | |
|---|----|
| Exhibit 1: Real Property Tax Trends | 10 |
| Exhibit 2: Personal Property Tax Trends | 11 |
| Exhibit 3: CRIM Regional Offices | 18 |
| Exhibit 4: CRIM FTEs and Payroll | 19 |
| Exhibit 5: CRIM Organization Structure | 20 |
| Exhibit 6: 2018 Operational Assessment | 22 |
| Exhibit 7: Organizational Development Initiatives | 24 |
| Exhibit 8: Organizational Development Initiatives | 25 |
| Exhibit 9: DMO Organization Chart | 27 |
| Exhibit 10: Overview of Revenues | 28 |
| Exhibit 11: Baseline Property Tax Collections and Central Government Transfers | 29 |
| Exhibit 12: Real Property Tax Exemptions by Type | 31 |
| Exhibit 13: Real Property Tax Exemptions, Exonerations, and Net Valuations | 31 |
| Exhibit 14: Real Property Statutory Rates for FY2024 (Post-discount) | 32 |
| Exhibit 15: Historical Real Property Total Tax Collections | 33 |
| Exhibit 16: Historical Real Property Tax Billings and Collection Rates | 35 |
| Exhibit 17: Highest and Lowest Current Year Collection Rates by Municipalities (FY2022) | 35 |
| Exhibit 18: Historical Real Property Tax Accounts Receivable Balance | 36 |
| Exhibit 19: Historical and Projected Baseline Real Property Tax Revenues | 36 |
| Exhibit 20: Personal Property Tax Exemptions, Exonerations, and Net Valuations | 40 |
| Exhibit 21: Personal Property Tax Exemption and Preferential Treatment in the U.S. | 41 |
| Exhibit 22: Personal Property Statutory Rates for FY2024 (Post-discount) | 42 |
| Exhibit 23: Historical and Projected Baseline Personal Property Tax Revenues | 43 |
| Exhibit 24: Historical and Projected Central Government Transfers | 44 |
| Exhibit 25: External Funding Sources Available to Municipalities | 45 |
| Exhibit 26: Uses of Funds Overview | 48 |
| Exhibit 27: Historical and Projected Uses of Funds | 48 |
| Exhibit 28: Historical and Projected Transfers to Debt Funds | 55 |
| Exhibit 29: CRIM Historical Operating Expenses | 56 |
| Exhibit 30: Flow of Funds Overview | 58 |
| Exhibit 31: Detailed Assumptions Excluding CRIM Operating Revenues | 60 |
| Exhibit 32: CRIM Operating Revenues Detailed Assumptions | 60 |
| Exhibit 33: Baseline Forecast Excluding CRIM Operations | 61 |
| Exhibit 34: Baseline CRIM Operations Forecast | 61 |
| Exhibit 35: Fiscal Plan Measures Forecast | 62 |
| Exhibit 36: Virtual Appraisal Validation and Notification Work Schedule | 64 |
| Exhibit 37: Timeline for Incorrect Mailing Addresses | 65 |
| Exhibit 38: Examples of Properties New to the Tax Rolls | 66 |
| Exhibit 39: Timeline for New Properties | 66 |
| Exhibit 40: Benchmark Current Year Collection Rate Improvement | 67 |
| Exhibit 41: Targeted Puerto Rico Current Year Collection Rate Improvement | 68 |

| | |
|---|----|
| Exhibit 42: Timeline for New Home Improvements | 69 |
| Exhibit 43: Timeline for Non-appraised Properties | 69 |
| Exhibit 44: Timeline for New Swimming Pools | 70 |
| Exhibit 45: Structural Assessment of Real Property Tax Reform | 72 |
| Exhibit 46: Action Items and Timing of Fiscal Plan Measures | 74 |
| Exhibit 47: Reporting Requirements | 78 |
| Exhibit 48: Projected Property Tax Baseline and Measures | 79 |
| Exhibit 49: Projected Property Tax Baseline and Measures Breakdown | 79 |

Introduction

The Municipal Revenue Collection Center (“CRIM” for its Spanish acronym, or “Agency”), plays a vital role in supporting Puerto Rico’s 78 municipalities in their economic and social development by ensuring an efficient process for collecting and distributing real and personal property taxes.

Achieving fiscal responsibility and market access for the Commonwealth and its instrumentalities means more than restructuring and repaying debt. It means generating sufficient revenue to meet the Island’s spending needs while also providing for a sustainable economy, restoring economic and growth opportunities and creating a path to prosperity for the 3.2 million residents of Puerto Rico.

This Fiscal Plan for the period covering Fiscal Year (“FY”) 2024 through FY2028 (“this Fiscal Plan” or the “2023 CRIM Fiscal Plan”) is an update and a continuation of the requirements set forth in the CRIM Fiscal Plans certified by the Oversight Board on May 20, 2022 (the “2022 CRIM Fiscal Plan”), April 23, 2021 (the “2021 CRIM Fiscal Plan”) and on June 26, 2020 (the “2020 CRIM Fiscal Plan”).

In accordance with the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), this Fiscal Plan projects a baseline forecast of the sources and uses of funds for the next five (5) fiscal years based on historical trends and discussions with CRIM management.

This Fiscal Plan outlines a series of measures similar to prior Fiscal Plans that establish actionable initiatives and measurable milestones of CRIM’s collaborative efforts to enhance property tax collections through operational improvements, enhanced and integrated IT systems, and improved tax compliance, in an effort to ensure all property owners pay their fair share of taxes.

CRIM has made progress in these areas and many improvements are underway. Continued improvement of these initiatives is of paramount importance to ensure Puerto Rico has a strong and stable foundation that supports future growth.

Improving property tax collections is a vital step towards achieving fiscal responsibility and will only strengthen local municipal economies and help to facilitate future economic development.

Real Property Tax Projections

Puerto Rico’s real property tax base is relatively stable, growing by approximately 1% annually. Current-year collection rates have been improving, reaching an estimated 70% in FY2023, up from a low of 65% in FY2020. Despite this improvement, collection rates are still well below those of other US jurisdictions. CRIM is currently targeting a five-year improvement in collection rates of 8.4%, which is benchmarked against the improvement seen in certain US cities that have recently experienced fiscal distress (see **Exhibits 41 and 42** in Chapter 12). Achieving this target would increase the collection rate to approximately 77%, which would translate to approximately \$70 million in annual incremental property tax collections.

Conversely, as illustrated in **Exhibit 1** below, prior-year real property tax collections have experienced far more volatility. In FY2022 CRIM implemented the Tax Relief Program, which incentivized taxpayers to pay outstanding past-due amounts by offering discounted payments and elimination of interest and fees. Accordingly, past-due property tax collections were materially higher in FY2022 versus prior years. While this program was one-time in nature, CRIM plans to launch a new Default Management Office (“DMO”) in FY2024, which will help to increase the

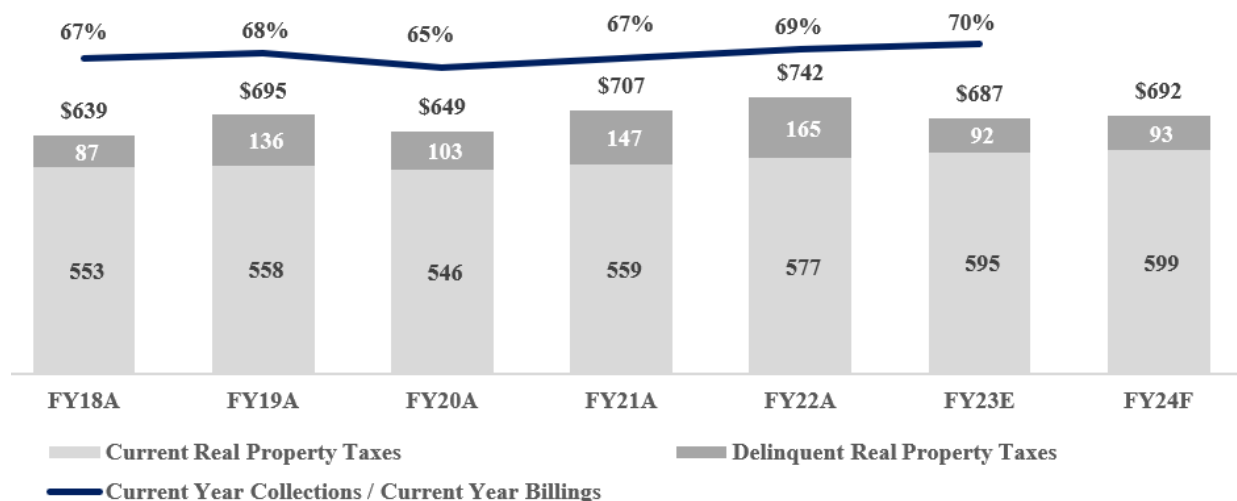
collection of past-due debts. See Chapter 2, section 2.3 for additional details regarding default management enhancements.

CRIM has historically projected real property tax revenues on a cash basis using a three-year average of collections for both current and prior year collections. FOMB has raised the need to be more forward looking and utilize more robust forecast methodologies based on growth trends, new construction, and progress on measures. By forecasting based only on backward looking results, there is potential for distortions in the overall revenue trends at the individual municipal levels. While the three-year average methodology has proven relatively accurate at the \$1.14 billion aggregate level, it typically has higher volatility at the individual municipality level.

In future years, CRIM should consider alternate projection methodologies to provide multiple perspectives of municipal real property tax revenues and collections. Such methodology should take into consideration projected growth in the tax base along with changes in the balance of the past-due property tax A/R portfolio, which can ultimately be used to project both current year and prior year tax collections.

Exhibit 1: Real Property Tax Trends

(Dollars in millions)



Personal Property Tax Projections

Personal property taxes also exhibit relatively stable trends, growing at an average of less than 2% annually over the past several years. As such taxes are self-assessed by taxpayers, the typical collection rate is over 90%, as illustrated below in **Exhibit 2**.

The inventory tax is a large component of personal property taxes, representing approximately 53% (\$237M) of the total billable personal property taxes in FY2022. While the desire for inventory tax reform exists and several reform attempts have been proposed, the ability to identify an offsetting revenue source will severely impact certain municipalities more than others. For example, Yabucoa, Carolina, and Cataño generate collections from inventory tax of approximately 92%, 79%, and 73%, respectively of the total billable personal property taxes.

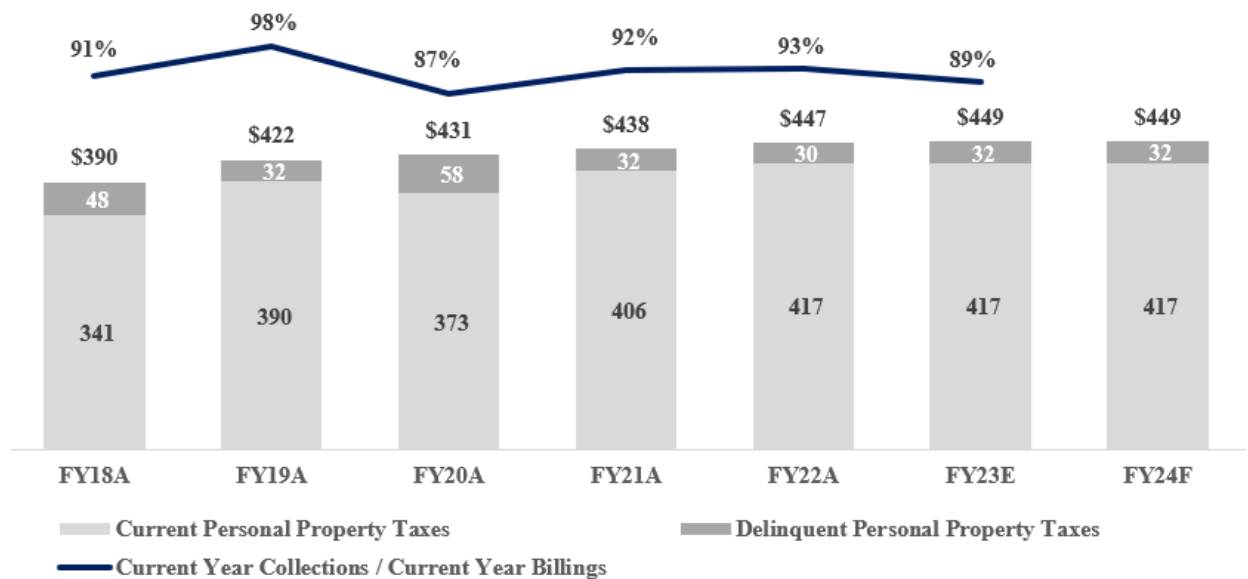
There has been significant pressure from local business groups to repeal this tax, resulting in preliminary reform proposals. As part of the Fiscal Plan measure on structural tax reform, CRIM

must continue to analyze and actively seek to engage with the municipalities in these discussions to reach consensus regarding any inventory and comprehensive property tax reforms.

CRIM also uses a similar methodology to project personal property tax revenues by using a three-year average of cash collections. Similar to real property, this backward-looking methodology may not fully capture the factors driving changes in personal property tax collections. In future years, CRIM should consider alternate projection methodologies to estimate and compare personal property tax revenues by assessing external economic factors, such as inflation, job growth, and construction at the municipal level.

Exhibit 2: Personal Property Tax Trends

(Dollars in millions)



Property Tax Compliance Measures

The prior CRIM Fiscal Plans have outlined several ongoing initiatives to improve the accuracy of the tax registry and property records. This includes updating the tax rolls to include missing properties and accurately reflecting taxable values and updating ownership status of properties. These measures will allow CRIM to better capture unrealized property tax revenues by increasing tax compliance and improving overall collection rates.

Updating the Property Tax Registry

CRIM completed a Planimetric Project in 2016 to digitally map all properties in Puerto Rico in order to update the Digital Cadaster registry. Updated property information was extracted to identify new construction and home improvements, including identification of newly added structures on vacant land, added swimming pools, and property expansions. The initial targets outlined in the 2020 Fiscal Plan estimated a 4-year process to clear the backlog, validate virtual appraisals, and send out updated tax invoices. Once fully completed, CRIM estimated

approximately \$298 million of incremental tax collections, later revised upward to \$331 million in subsequent Fiscal Plans.

However, delays from system issues and data validation requirements have led to multiple extensions of milestones in previous Fiscal Plans. After further due diligence, CRIM has provided a reassessed projection of collections from measures. This Fiscal Plan makes a downward revision of 13% to the estimated incremental collections to be realized by CRIM over the 5-year implementation period. The revised projected annual run-rate is now \$291 million by FY2026. As of February 2023, CRIM has reported year-to-date incremental collections of \$6.3 million on incremental invoices totaling \$79.9 million. A variety of factors have contributed to low collection rates for incremental billings, including taxpayer disputes. Additionally, these numbers only reflect the progress of two measures¹ due to a lack of data.

Improving Tax Compliance

As part of enhancing tax compliance and preventing additional tax balances from becoming past due, CRIM has established a new DMO to continue the self-collection of past-due property taxes. Historical challenges with enforcement of liens and foreclosures have hindered tax compliance.

The DMO will ensure that CRIM achieves an efficient process for the collection of past-due property taxes, while also addressing current tax invoices which are at risk of becoming past due. It will focus on proactive collection efforts and when all else fails, execute foreclosure processes. Related to the DMO, CRIM plans to review and revise current regulations related to foreclosures and collection rates. This will help to streamline processes for taxpayers to document financial hardship and delegate authority to CRIM to conduct certain collection efforts, among other goals.

Tax Relief Program

CRIM implemented the Tax Relief Program during FY2022 to self-collect the portfolio of past-due real property taxes. Under the program, taxpayers were offered the opportunity to pay past-due principal amounts at a discounted rate, while also having interest, surcharges, and penalties waived.

The program was highly successful, with CRIM collecting \$217 million upon the program's completion. These collections were subsequently used to help repay municipal debt obligations with GDB-DRA and accelerate the debt repayment at a discount of 32%. The new DMO is expected to offset the need for any future tax relief programs.

Structural Tax Reform

Property tax reform is a critical requirement for Puerto Rico to modernize its economy and enhance municipal revenues by better aligning the tax base to municipal budget needs, thereby promoting fiscal responsibility throughout the island.

CRIM has been working towards a number of initiatives related to property tax reform as part of measures in prior Fiscal Plans, including proposals on inventory tax reform, conversion of real property to market valuation, and an assessment of exemptions and exonerations creating inequity in the tax base. CRIM participates in the Governor's Tax Advisory Group designed to simplify and improve the tax system in Puerto Rico. CRIM is expected to play a critical role and actively engage on behalf of the municipalities in any further discussions, analysis, or reform proposals.

¹ Includes properties new to the tax rolls and home improvements new to the tax rolls.

Real Property Assessments

In Puerto Rico, real property valuations for tax assessments are based on the property's replacement cost value as if it were constructed in 1957, which was the last time a valuation assessment was performed on real property on the island. This valuation methodology is measured in "Unitarios²." In FY2023, CRIM commissioned a study to consider updating the valuation methodology for real property.

Despite commissioning this study, CRIM believes the implementation of a market informed or "true market value" approach may not currently be viable due to limited available data on market values and the current political environment, whereby a potential increase in tax rates for citizens would not likely be supported.

Exemptions and Exonerations

Puerto Rico offers considerably more tax breaks than other U.S. jurisdictions. In FY22, nearly 60% of real property, as measured by value, was either exempted or exonerated from taxes, substantially reducing municipalities' tax bases. Pursuant to the 2022 CRIM Fiscal Plan, CRIM conducted a comprehensive review of current property tax exemptions and exonerations. Following discussions with the Oversight Board, CRIM is required to submit a formalized report of observations and conclusions from the completed analysis of exemptions and exonerations and present such report to the CRIM Executive Director and Governing Board by June 30, 2023.

Inventory Tax Reform

Over the past several years there has been significant pressure from the Governor, the Legislature, and commercial stakeholders to repeal the Inventory Tax. Throughout FY2023, CRIM actively participated in discussions with these stakeholders regarding potential reforms. While certain proposals have been discussed and presented, CRIM believes from recent discussions that these proposals will not be passed due to implementation concerns. CRIM will continue to analyze and actively seek to represent the municipalities in these discussions, including serving as a central source of data.

Municipal Debt Reprofileing

CRIM collects the Special Additional Tax ("CAE Tax") on behalf of the municipalities. Pursuant to Article 7.284 of the Municipal Code, CAE tax collections are required to be used to pay CAE Loans. To the extent a municipality's CAE funds exceed the amount needed to cover annual CAE debt service, such excess amounts are disbursed to the municipality, after the payment of any other statutory debts. Such excess is generally referred to as "Excess CAE."

Pursuant to the certified 2023 Commonwealth Fiscal Plan, the municipalities must work with AAFAF to complete an assessment of debt reprofileing opportunities. The reprofileing of outstanding municipal debt could yield significant benefits to the municipalities, including debt service savings which can be used to increase funding for core services to citizens. For CAE loans in particular, the municipalities would ultimately have higher Excess CAE amounts disbursed to them.

² Real property valuation units for tax assessments that are based on the property's replacement cost value as if it were constructed in 1957.

While there is no direct mandate for CRIM to participate in this debt reprofiling process, given its primary role is to serve as a paying agent for the municipalities, it must also support the municipalities in their key strategic initiatives, such as debt reprofiling and tax reform.

Operational & Technology Efficiencies

CRIM has embarked on an operational transformation to improve its workforce and modernize its technology platforms. It aims to address challenges with appraisal and collection staff while also replacing outdated and inefficient applications and hardware to drive a more data driven culture. These operational and technology-focused initiatives continue to serve as the foundation for CRIM to implement strategies to increase tax revenue collections.

Organizational Development and Human Capital

After struggling to maintain adequate personnel to sufficiently carry out appraisals and collections, CRIM evaluated its human capital and organizational structure. Similar to civil service reform efforts at the Commonwealth, CRIM conducted a staffing and salary benchmark analysis to assess its workforce and develop optimal staffing levels. As part of this continued Fiscal Plan measure, CRIM expects to deliver its recommendation to the CRIM Governing Board by October 30, 2023.

CRIM 360 (Customer Portal)

CRIM implemented CRIM 360 during FY2022 and FY2023 to replace their outdated billing system with a new ERP system and web-based customer portal. CRIM 360 helped to integrate disparate systems and portals used by the agency in an effort to improve operational efficiencies and enhance system access.

The CRIM 360 system faced challenges during FY2022 and FY2023. After meeting with the College of Certified Public Accountants, CRIM agreed to make changes to the CRIM 360 system to address concerns and improve usability. Additionally, CRIM issued two Administrative Orders that delayed deadlines to file tax returns and submit estimated tax installments while the system was being remedied and updated.

In December 2022, CRIM created an educational campaign to raise awareness of the CRIM 360 system, which included providing trainings for taxpayers, broadcasting radio segments, posting Q&A videos, publishing newspaper advertisements, and participating in a radio program interview with the CRIM Executive Director. By educating the public on the new tax filing systems, CRIM hopes the improved system will increase web-based activity and ultimately improve tax collections.

SKALA II (Virtual Appraisals)

Throughout FY2022, CRIM implemented the property appraisal system known as SKALA II This system allows for digital, virtual appraisals, which are conducted by comparing a property's location with CRIM's database of geolocated data. This significantly reduces the amount of time required to appraise a property.

Similarly, the validation of virtual appraisals and updates to the property tax registry has faced significant challenges and pushbacks. After delays in processing the backlog due to uncovered data issues and complaints by taxpayers of inaccuracies in assessments and billings, CRIM's internal audit team undertook a comprehensive assessment of issues identified. The results found that approximately 56% of validations were incorrect.

To help remedy this problem, CRIM has outlined a number of required operational improvements. These improvements include creating a formal training manual for property appraisals and validations, conducting formal appraiser trainings and revalidating over 40,000 incorrect property appraisals.

Given the magnitude of the required revalidation efforts, CRIM has delayed the due dates of certain property tax compliance milestones, as described further in the following section (“Property Tax Compliance Measures”). CRIM will monitor the performance of appraisers via a digital dashboard and conduct testing to ensure the quality and accuracy of validations.

Memorandums of Understanding (MOUs)

Improving data quality is critical to enhance property tax collections. To achieve this goal, CRIM has negotiated multiple MOUs with other government entities to share certain data.

Since June 2020, CRIM has been sharing certain data with *Hacienda*, as governed by a MOU. The data has been used to verify and improve taxpayer addresses by comparing records across systems and enhancing CRIM’s property data with additional data points from *Hacienda*.

In FY2023, CRIM signed an MOU with the Puerto Rico Department of Housing (“PRDOH”). This MOU will help to support the Puerto Rico Geospatial Framework (“GeoFrame”) Program, which aims to consolidate land and cadastral data into a single comprehensive database. The United States Department of Housing and Urban Development (“HUD”) has allocated \$50 million in CDBG-DR funding to PRDOH to carry out this program.

Other recent efforts have included MOUs with the Planning Board, the Puerto Rico Tourism Company, and Puerto Rico State Insurance Fund. Such MOUs have focused on sharing data including land grading information, parcel maps, and other mapping data.

Municipal Funding

In addition to property taxes, CRIM also collects and remits intergovernmental funding to the municipalities via the Equalization Fund. The Equalization Fund consists of three components: the direct Commonwealth Transfer, a portion of the Commonwealth’s Electronic Lottery proceeds, and the Act 53-2021 Extraordinary Fund for Waste (“Act 53 Waste Fund” or “Waste Fund”). The purpose of the Equalization Fund is to ensure that municipalities are subsidized with annual remittances proportional to the remittances they received in FY2017.

Article 7.019 of the Municipal Code allows CRIM’s Governing Board to establish any objective criteria to allocate the Commonwealth Transfer and Electronic Lottery portions of the Equalization Fund to the municipalities. Any changes to the Equalization Fund distribution formula must be agreed upon by the Oversight Board. The Waste Fund component is funded via a separate distribution formula established by CRIM, pursuant to Act 53-2021.

Commonwealth Transfer

In response to the fiscal and economic challenges faced by the municipalities and to incentivize a new operating model between the central and municipal governments, in 2015 the Commonwealth proposed the reduction of the Commonwealth Transfer to the municipalities. The Oversight Board subsequently adopted this proposal in its fiscal plans.

In FY2022, the Commonwealth Transfer totaled \$88 million. This amount was reduced to \$44 million for FY2023 and FY2024, with the full phase-out still planned by FY2025.

To offset this phase-out and in recognition of the important role that the municipalities play in Puerto Rico, over the past 3 years the Oversight Board has authorized and funded the establishment of multiple new appropriations and investments. This incremental funding includes, among other funds, the Act-53 Waste Fund, federal funds Medicaid offset, Municipal Consolidation Fund, municipal one-time economic support, emergency reserve funding, and school and road maintenance funding.

The certified 2023 Commonwealth Fiscal Plan also provides that starting in FY2024, additional funding from the Commonwealth may be made available to the municipalities as part of ongoing collaboration to improve fiscal sustainability. This funding will only be made available once established transformational measures and milestones related to these initiatives are achieved. The Oversight Board, the Commonwealth, and the municipalities plan to use the FY2024 Commonwealth budget certification process to agree on specific financial and operational milestones, along with the corresponding conditional funding amounts required for disbursement.

Electronic Lottery Funds

Electronic Lottery proceeds are funded from 35% of the net annual income from the Electronic Lottery operations and distributed to the municipalities through the Equalization Fund. Electronic Lottery proceeds totaled \$51 million in FY2022 and are projected to total \$48 million in FY2023 and \$53 million in FY2024, based on estimates from *Hacienda*. Projections for future amounts are based on Puerto Rico's Real GNP growth.

Act-53 Waste Fund

Act 53-2021, or the "Law to End Bankruptcy in Puerto Rico", established the Waste Fund to address the collection and disposal of residuals and waste, and to implement recycling programs in the municipalities. It is funded annually from 42% of the amount collected during the prior fiscal year on the 1.03% State Redemption Fund Tax that the municipalities levy on real and personal properties. FY2023 was the first year such funds were provided to the municipalities. Fifty-eight million dollars was provided.

Part I. Context

Chapter 1. History of CRIM

CRIM was created as part of the municipal reform process through Act No. 80 of August 30, 1991³. Furthermore, pursuant to Act 83 of August 30, 1991, as amended, known as the Municipal Property Tax Law (“Act 83-1991”), all powers, faculties, and functions related to tax collections on real and personal property were transferred from *Hacienda* to CRIM. Both Act 80-1991 and Act 83-1991 were repealed and substituted by Act No. 107 of August 14, 2020, known as the Puerto Rico Municipal Code (“Municipal Code”).

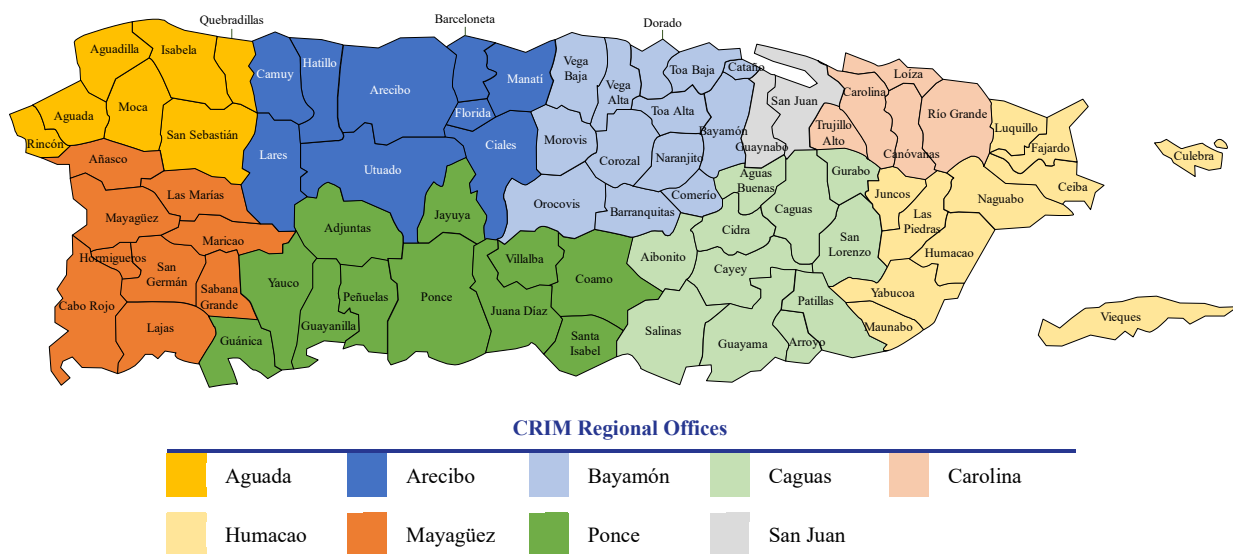
CRIM provides fiscal services to the municipalities and has the responsibility to appraise, assess, notify, collect, and distribute real and personal property taxes. CRIM also collects and allocates the Central Government transfers and any other funds determined by law for the benefit of the municipalities. In addition, CRIM is responsible for maintaining and updating the registry of real property in each municipality, which is known as the Digital Cadaster of Puerto Rico (“Digital Cadaster”).

CRIM has a Governing Board composed of nine mayors, representing the municipalities, and two members of the Central Government: the executive director of the Fiscal Agency and Financial Advisory Authority (“AAFAF,” for its Spanish acronym) and a public official with experience in municipal affairs appointed by the Governor. A series of rules dictate the composition of the nine mayors assigned to the Governing Board. Five of the mayors are aligned to the political party that obtained the most votes in the immediately preceding general elections. The mayors elected as members of the Governing Board serve for a term of four (4) years or until their successor is appointed and takes office. The agency is headed by an executive director, who is appointed by the Governing Board.

CRIM has one central office and nine regional offices, as shown in **Exhibit 3**. The offices are in Aguada, Arecibo, Bayamón, Caguas, Carolina, Humacao, Mayagüez, Ponce, and San Juan. In addition to serving the taxpayers and supporting property tax collection, these offices carry out technical functions, such as property appraisals.

³ Act 80-1991’s Statement of Motives explained that even though the municipal finances were largely funded by property taxes and transfers from the Central Government, control over these funds was retained by the Puerto Rico Treasury Department (“*Hacienda*”), leaving municipal governments without full visibility and access to the management of these revenue streams.

Exhibit 3: CRIM Regional Offices



In addition to the regional offices, and to increase efficiency and improve customer service, CRIM established a call center to provide a faster and more reliable service to taxpayers and facilitate access to certain information and services. With this call center, taxpayers can complete certain transactions, including paying property taxes, without visiting one of the offices in person.

CRIM also delegates services and responsibilities to the municipalities via collaborative agreements. These collaborative agreements allow CRIM to leverage the knowledge and close relationship that the municipalities have with their constituents to, among other things, improve property tax compliance. Through these collaborative agreements, the municipalities can carry out collections of property taxes, appraisals of new properties, verification of real property improvements and personal property filings, investigation of exemptions and exonerations, issuance of map certifications, and foreclosures on behalf of CRIM. Before delegating any of these services, CRIM must review and approve applications completed by municipalities. CRIM evaluates the working conditions, infrastructure, and knowledge and experience of each municipality to determine if the applications should be accepted. These responsibilities may be dissolved at the request of the municipality or by CRIM if, through quality control and audits, irregularities are found. As of FY2023, 77 municipalities (all except Loíza) have been delegated functions such as appraisals, collections, verifications, and investigations. Furthermore, 55 municipalities can issue map certifications, and 18 municipalities can process foreclosures. In FY2024, CRIM plans to commence training for municipal employees related to the appraisal validation process. CRIM must develop a robust reporting dashboard pursuant to the requirements in this Fiscal Plan to track all the work that the municipalities are doing on behalf of CRIM to ensure that municipal efforts complement the work being done by CRIM. On June 18, 2019, Regulation Number 9094 (“Regulation 9094”) was approved to provide the framework through which the municipalities and CRIM will coordinate the collection of property taxes. The Oversight Board amended its policy on the review of rules, regulations, and orders, pursuant to Section 204(b)(4) of PROMESA, to increase transparency and to ensure compliance with any applicable fiscal plan, including the certified Commonwealth Fiscal Plan and the certified CRIM Fiscal Plan. As required by the Oversight Board, CRIM will continue to provide applicable proposed regulation

amendments to the Oversight Board for review and approval as part of the regulatory amendment process.

In addition, to continue its mission of broadening its taxpayer base and to increase accuracy in its Digital Cadaster, CRIM has signed or is seeking to sign Collaborative Agreements with other entities, such as the Property Registry, State Election Committee, LUMA, *Hacienda*, the Puerto Rico Aqueduct and Sewer Authority (“PRASA”), State Insurance Fund, Office of Management & Budget (“OMB”), Puerto Rico Tourism Company, Puerto Rico Housing Department (“PRDOH”), and the Planning Board.

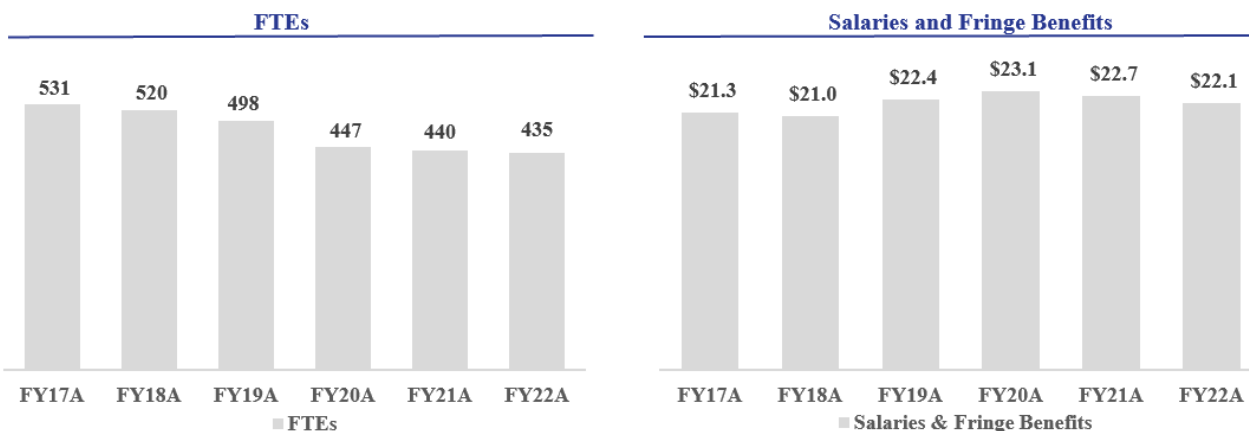
Chapter 2. CRIM Operations

CRIM’s staff primarily facilitates the valuation, billing, and collection of real property taxes and personal property taxes, which are then distributed, along with other Commonwealth funds, to the municipalities.

As depicted in **Exhibit 4**, CRIM had 435 total full-time employees (“FTEs”) and \$22.1 million in payroll expenses in FY2023.⁴ FTE headcount has remained consistent over the last five years, despite CRIM being understaffed in critical positions, including appraisers and collection agents. Apart from regular salary expenses, the largest payroll-related expense is funding PayGo, which accounts for approximately 23% of the total annual payroll expense.

Exhibit 4: CRIM FTEs and Payroll

(Dollars in millions)



CRIM has been continually restructuring its organization to deliver better services and improve collections. With the implementation of the Default Management Office (“DMO”), responsibilities under existing areas will be changed and CRIM operations will now rely on four main areas, as shown in **Exhibit 5** and detailed below:

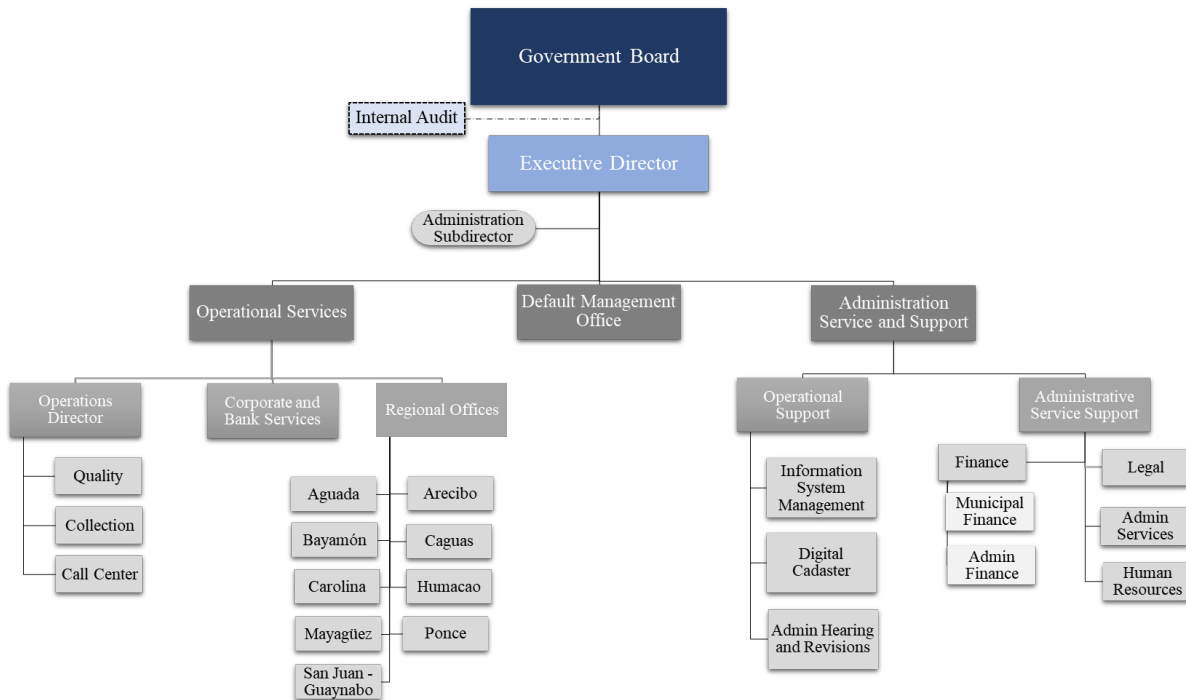
- **Default Management Office** – ensures that CRIM achieves an efficient process for the collection of taxes on real property, taking those actions necessary to avoid a default

⁴ Source: 2023 CRIM Fiscal Plan supporting documents CRIM FY23 - Fiscal Plan Second Submission Data.xlsx. Includes payments for: (i) vacation liquidations for retired personnel, (ii) vacation liquidations for “at-will” personnel, (iii) differentials, and (iv) reserved positions for employees with restatement rights or under a leave of absence and (v) PayGo obligations.

payment and in the event of a default, ensuring the applicable provisions mandated by the Municipal Code are carried out.

- **Operational Services** – delivers direct services to taxpayers, municipalities, financial institutions, and corporations to update ongoing changes to the tax roll and collect real and personal property taxes. Many of the personnel performing these functions are located throughout the regional offices to provide localized support. With the creation of the Default Management Office, as further described herein, Operational Services will be concentrated on providing taxpayer services rather than carrying out past due tax collection processes.
- **Operational Services Support** – maintains systems and applications that support operational services.
- **Administrative Services and Support** – advises the Executive Director and supports operational areas. Administrative units include Municipal and Administrative Finance, Legal, Human Resources, and Administrative Services.

Exhibit 5: CRIM Organization Structure



Within Operational Services, many of CRIM’s employees work in the Regional Offices performing appraisal-type work. In FY2020, CRIM evaluated its staffing resources in comparison to the number of unprocessed appraisals in the backlog to analyze optimal staffing levels. At the time, CRIM had 118 employees tasked with appraisal-type work, of which 91 were valuation technicians, 18 were research specialists, and 9 were licensed appraisers. These employees were responsible for approximately 1.3 million parcels of property. This equates to 11,234 parcels per

employee, which is approximately 2.3 times the national average for large jurisdictions⁵, suggesting this department may be understaffed. During FY2023 and continuing throughout FY2024, CRIM has been conducting a Staffing Analysis to improve human resource allocations for improved operational results and to ensure CRIM can maintain or attract the optimal level of specialized resources. Further details on the Staffing Analysis are included in Chapter 2 of this Fiscal Plan.

As part of Operational Services Support, CRIM's staff also maintains the Digital Cadaster, which is an inventory of all real properties in Puerto Rico (parcels and structures) used for all purposes: tax, legal, economic, and administrative. CRIM is responsible, by law, to create and preserve the Digital Cadaster, which organizes the valuation data and appraisals of properties and is critical for the imposition of respective taxes. In 2016, CRIM completed a Planimetric Project⁶ to digitally map all properties in Puerto Rico. The project used high-resolution digital imaging to create maps of Puerto Rico. Updated property information was extracted to identify new construction and home improvements, such as newly added swimming pools and property expansions.

On June 5, 2020, the Oversight Board submitted a letter to the Government under Section 205(a) of PROMESA, which provides a series of recommendations for improving the framework for land and property registration and establishing and confirming legal ownership. The Oversight Board recommended incorporating both the land and property tax registries to develop a uniform parcel ownership registry and a geographic information system database. Since then, CRIM and the Puerto Rico Department of Justice, through its Property Registry personnel, have commenced discussions and are developing a plan to facilitate the sharing of data between the entities. CRIM must continue to collaborate with all the relevant government agencies to improve and maximize the Commonwealth's land parcel systems.

In addition, CRIM recently began collaborating with *Hacienda* to share real property information for all transactions registered with *Hacienda*. The shared information has primarily been used for the following initiatives:

- **Verify and improve taxpayer address data.** Data from CRIM's tax system is compared to corresponding records from *Hacienda* to match and identify key taxpayer information, including updated address data.
- **Data warehouse integration.** Data from *Hacienda's* registry is compared to CRIM's geographic information system in order to help ensure the accuracy of information for the properties in the cadastral inventory. CRIM's goal is to integrate this information into the next version of the parcel map and in turn, develop additional data points for these transactions, such as location points.

Since September 2021, CRIM has been in conversations with the PRDOH to discuss collaboration between both agencies with the goal of developing a comprehensive property tax registry. While an MOU has been executed, CRIM and PRDOH must begin collaboration to share CRIM's property cadaster data with the PRDOH to create a more inclusive and complete property registry.

Other MOUs that have been executed between CRIM and other agencies include:

⁵ Calculation based on survey from the International Association of Assessing Officers.

⁶ A Planimetric Project involves the creation of maps through the process of recording, measuring, and interpreting photographic images to identify roads, buildings, and other physical objects in an area.

Planning Board: CRIM and the Planning Board have implemented a mechanism to automate data exchange. Throughout FY2024, CRIM will be receiving updated land grading data from the Planning Board and in turn, CRIM will provide an updated version of the parcel map. CRIM will continue to provide updated versions of the parcel map every quarter and receive grading updates as they are approved.

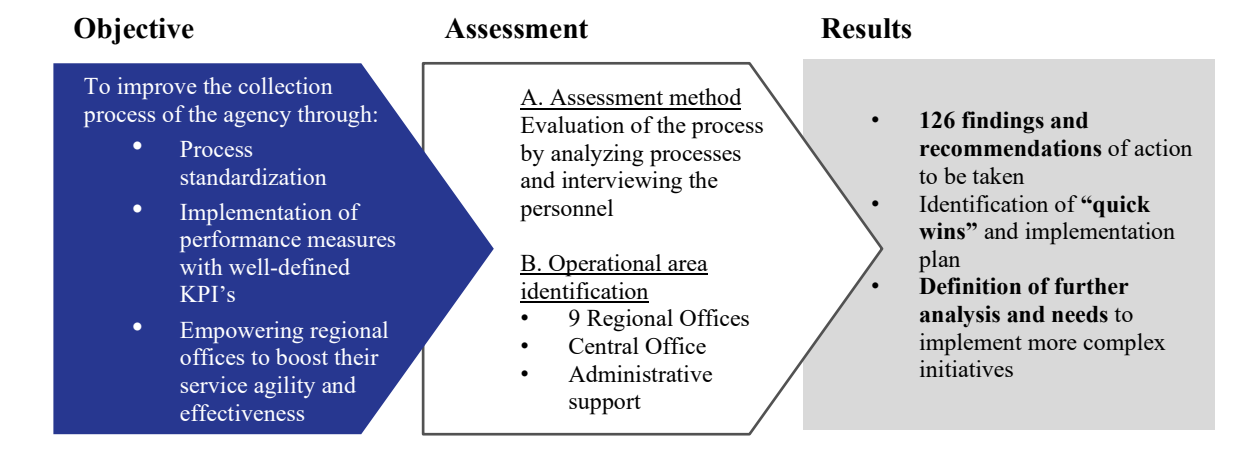
PR Tourism Company: CRIM is working to explore alternative approaches to facilitate the identification and matching of property data that was provided by the PR Tourism Company. CRIM is analyzing its mapping system to determine how it can be integrated in the validation of the data provided based on the managers-owners of these properties.

PR State Insurance Fund: This is an agreement executed between both parties for the purpose of sharing data. The parties are in the process of implementing information exchange processes.

2.1 CRIM Operations Improvements

In February 2018, CRIM commissioned an operational assessment to identify potential areas to enhance property tax collections. During June and July 2018, an external company completed the commissioned operational assessment. **Exhibit 6** gives an overview of this assessment. Of the initiatives developed from the assessment findings, some have been completed, while some remain ongoing. These initiatives have been incorporated into the measures of this Fiscal Plan and part of CRIM’s operational improvements over the last two years.

Exhibit 6: 2018 Operational Assessment



2.2. Staffing Analysis

In collaboration with the Oversight Board, CRIM has commenced several operational efficiency measures directed towards re-engineering its day-to-day operations in order to achieve the following core objectives:

- Align CRIM’s workforce capabilities and organizational structure to better provide its services.
- Enable CRIM to recruit and retain the right talent needed to execute its ministerial duties.

- Optimize processes, technology, compensation, and policies to effectively support human capital management.
- Redesign employee evaluations, trainings, and succession planning to promote employee motivation, professional development, and retention.

As originally established in prior Fiscal Plans, CRIM was required to complete a series of processes to complete a comprehensive Staffing Analysis. The proposed timeline has been delayed due to ongoing interviews CRIM has been conducting with its staff to better understand the daily tasks of employees and to identify tasks that may have become repetitive. While the analysis is still ongoing, CRIM has already identified opportunities to reformulate certain daily tasks to improve overall operational efficiencies.

The specific process of CRIM's Staffing Analysis has included:

- Identifying positions that have become vacant as of September 2021, along with the cause of such vacancies.
- Analyzing job classifications and identify the difference in functions as positions scale up in the organization's hierarchy.
- Studying the process flowcharts before CRIM360 and their comparability with the existing process under CRIM360.
- Evaluating CRIM's overall staffing composition to identify surpluses and needs.
- Interviewing Office Managers.
- Creating a questionnaire for managers, entitled *Identification of functions per employee* and the *Human Capital Needs* questionnaires.

In December 2022, staffing questionnaires were sent to CRIM's managers and responses were received in January 2023. Based on an analysis of the information provided by managers, an employee questionnaire was designed and distributed. An interview agenda was established to validate the data and identify other potential needs that might not be captured by the employee questionnaire. Interviews with the different regional offices were held between January 27 and February 15, 2023. CRIM is in the process of completing interviews with Central Office employees, including Operations, IT, and Cartography, and the remaining Regions (*i.e.*, Humacao, Mayagüez, Ponce, and San Juan). This process is expected to be completed by June 30, 2023. Utilizing findings from the interviews, CRIM expects to complete its revisions to HR Policies and Final Recommendations to its Governance Board by no later than October 31, 2023. Please see summary of expected completion dates in **Exhibit 7** below.

Exhibit 7: Organizational Development Initiatives

| Initiative | Description | Timeframe |
|--|---|---------------------------|
| Human Resource Allocation Analysis and Benchmarking | Identify current level of collections per headcount, per area and define targets per region. | Completed |
| Salary Benchmark | Complete Human Capital Benchmark Comparison to analyze salary and benefits | Completed |
| Employee Interviews and Performance Reviews | Complete analysis and updates of Employee Performance Evaluations process. Finalize Human Capital Global Needs Plan to identify staffing for an optimal workforce plan and identify under resourced positions | June 30, 2023 |
| HR Policies | Complete analysis of current HR Resources and Manuals to identify proposed changes | September 30, 2023 |
| Recommendations | Present recommendations to CRIM’s Governing Board | October 30, 2023 |

Salary Benchmark Analysis

In order to ensure that CRIM can recruit and retain the necessary talent, CRIM has supplemented the Staffing Analysis with a salary benchmark analysis. For purposes of this analysis, CRIM compared its operational structure to that of the property tax collection entity of the State of California, which has a similar administrative structure, and takes into consideration the Civil Service Reform⁷ currently being implemented by the Oversight Board and the Central Government⁸. In order to close the gap between the salary differences of the State of California and Puerto Rico, CRIM utilized data from the Bureau of Labor Statistics applicable to a specialized workforce like CRIM’s. From this analysis, CRIM was able to conclude that on average, salaries for similar positions in Puerto Rico tend to be approximately 40-50% lower than those in the State of California. This analysis, combined with the other components of the Staffing Analysis, will be reflected in CRIM recommendations to its Governing Board.

In addition, in an effort to provide its management with the necessary tools to effectively manage its resources, CRIM implemented a leadership academy for supervisors (“Management Development”) and expects to implement the remaining two measures (“Human Capital Initiatives”).

⁷ See: Chapter 12 of the FY2023 Fiscal Plan Certified for the Central Government.

⁸ See: Circular Letter No. 1-2023, issued on February 21, 2023, by the Office of the Administration and Transformation of Human Resources (“OATRH”, by its Spanish acronym).

Exhibit 8: Organizational Development Initiatives

| Areas | Initiatives | Timeframe |
|--------------------------|---|---------------|
| Management Development | Implement a Supervisory and Leadership Academy for all employees with supervisory roles comprising eight modules with varied topics | Completed |
| Human Capital Management | <ul style="list-style-type: none"> A. Transform HR from a transactional approach to a strategic and people approach, where the department becomes a business partner, and its efforts are focused on the employees B. Implement a new competency-based performance evaluation method C. Synchronize all employee evaluation cycles to occur during October | June 30, 2024 |
| Quality Unit | Create a department of Quality Unit with the responsibility of detecting and measuring service deficiencies, streamlining processes, and monitoring oversight adherence to processes | June 30, 2024 |

2.3 Default Management Enhancements

CRIM’s relatively low collection rates are, in part, a result of processes and regulations that limit payment alternatives that may be offered to delinquent taxpayers, or those facing financial hardships. If willing taxpayers are unable to settle their arrears efficiently, CRIM’s receivables will continue to increase, and be compounded due to the imposition of fees.

In order to address collection issues, CRIM must implement the following measures:

- **Loss Mitigation (Regulation) Reform:** Review current regulations to include reasonable loss mitigation alternatives, simplify the method to prove financial hardship, update communications, and clearly delegate authority (central and regional) to avoid decisional bottlenecks.
- **Create Default Management Office (“DMO”):** Unit that will focus on pro-active collection efforts and implementing effective Loss Mitigation initiatives from preventive efforts (to address early delinquency) to foreclosure processes when all reasonable efforts have failed.

Although CRIM’s current collection processes were designed to ensure a robust assessment of any extraordinary agreements, in practice it has caused a decisional bottleneck. For example, a willing taxpayer who seeks a payment plan due to a proven financial hardship, could end up incurring in late fees and interests merely due to the time and effort it takes to formalize the agreement⁹. Virtually all agreements must be evaluated by a three (3) person committee, ratified by CRIM’s Board, the municipality, and the Secretary of Treasury. Front office employees and middle managers do not have the delegated authority to finalize a payment agreement, regardless of the amounts. Thus, solutions for taxpayers at the central and regional offices are limited.

In addition to the structural issues, CRIM’s organizational structure is not designed to implement constant collection efforts that curtail delinquency. Currently, the call center and regional offices

⁹ For example, Regulation 9123 (2019) requires three (3) income tax returns, and in the case of legal entity three (3) financial statements (audited, if business volume exceeds \$3 million).

mainly focus on in-bound calls and walk-in customer service. There is no effective outreach to delinquent taxpayers, and there are no expedited loss mitigation alternatives for the taxpayer who calls in seeking a solution.

To address these collection issues, CRIM will implement the following measures:

Loss Mitigation Regulation Reform

The following table illustrates the existing applicable regulations that affect loss mitigation, foreclosures and municipal collection efforts:

| Regulation regarding Loss Mitigation alternatives, Foreclosures and Collection Efforts by Municipalities | | | | | |
|--|-----------|---|--|---------|--|
| Rule | Date | Name | Matter | Status | |
| 9094 | 6/18/2019 | Regulations to empower the municipalities of Puerto Rico to carry out all collection actions performed by the CRIM. | Empowers the municipalities, after notifying the CRIM, to carry out collection, seizure and execution actions on movable and immovable property, for contributions within its territorial delimitation. | ACTIVE | |
| 9123 | 11/8/2019 | Regulation of final agreements and commitments of payment of the contribution on movable and immovable property. | To group the conditions and procedures to formalize final agreements and payment commitments in writing, with respect to contributions on movable and immovable property. | ACTIVE | |
| 8738 | 4/28/2016 | Amendment to Regulation No. 8506 for the collection, seizure and disposition of property. | Establish and standardize the procedures that empower the CRIM to collect, seize, auction and sell properties subject to tax debts. | ACTIVE | |
| 8606 | 6/15/2015 | Amendment to Regulation No. 8506 for the collection, seizure and disposition of property. | To establish and standardize the rules that will serve as the basis for the procedures for the collection, seizure, auction and sale of properties subject to overdue property taxes. | ACTIVE | |
| 8438 | 1/16/2014 | Regulations for the administration of labor agreements between the CRIM and the municipalities of Puerto Rico. | To establish the rules and procedures that will govern the relationship between the CRIM and the municipalities that request to develop programs for the assessment and collection of taxes on property located within their territorial limits. | ACTIVE | |
| 8506 | 8/6/2014 | Regulations for the collection, seizure and disposition of movable and immovable assets | Establish the rules that will govern CRIM's procedures for the collection, seizure and disposition of properties seized and/or acquired for property tax debts. | AMENDED | |
| 8537 | 12/5/2014 | Regulations for the formalization of final agreements in relation to the payment of movable property taxes | Establish the procedures and mechanisms for the formalization of final agreements related to the collection of contributions on movable property. | ACTIVE | |
| 8538 | 12/5/2014 | Regulation for the formalization of final agreements in relation to the payment of real estate property taxes | Establish the procedures and mechanisms for the formalization of final agreements related to the collection of property tax and establish a payment commitment mechanism. | ACTIVE | |

Through the proposed reforms, CRIM must seek to streamline the collection process to:

- Clarify the concept of “financial hardship” that qualifies a taxpayer for loss mitigation alternatives and streamline the process to document such financial hardship.
- Add loss mitigation alternatives, like those offered by mortgage servicing institutions.
- Clearly delegate authority to CRIM and the municipalities to write off interest or principal as part of standard payment agreements and initiate legal actions on behalf of a municipality.

Default Management Office (“DMO”)

Through the DMO, CRIM will have the staff, tools, and necessary training to assist taxpayers to avoid default, by allowing forbearance agreements and establishing payment plans. The DMO’s main role will be providing assistance to taxpayers and default prevention. However, this office will also have the capacity to execute those actions leading to the recovery of default payments, through embargoes, tax lien sales, and public auctions, according to the powers granted by the Municipal Code and applicable laws.

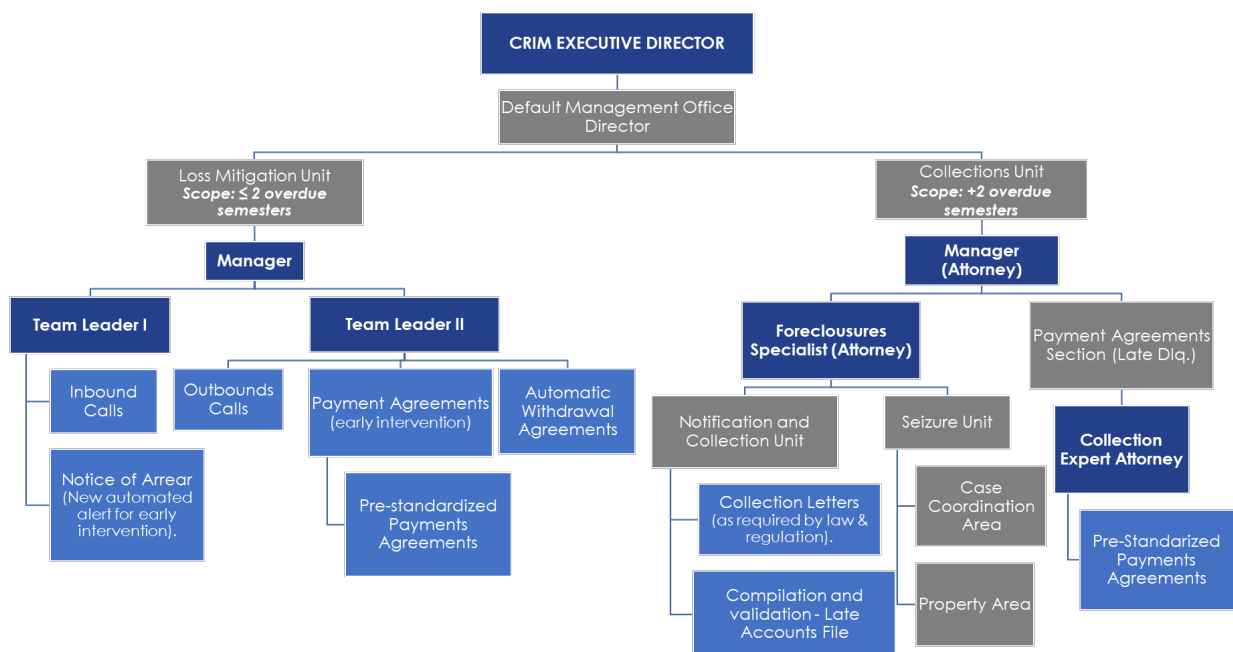
The core objective of the DMO will be to ensure that CRIM achieves an efficient process for the collection of taxes on real property, taking those actions conducive to avoiding a default payment. Furthermore, the DMO will have the necessary tools and training to proceed according to

applicable laws and regulations, in the event of a default payment, and collect overdue debts in a reasonable time.

The DMO will be subdivided into two units: Loss Mitigation (preventive unit) and Collections (legal action unit). The Loss Mitigation unit will focus on out-bound communications and outreach efforts from CRIM’s call center to those delinquent taxpayers. The Collection unit will focus on those taxpayers that, after reasonable collection efforts, are missing, unwilling or unable to pay (even considering loss mitigation alternatives). It will provide support to the regional offices, who will in turn be able to focus on improving customer service.

The DMO will report directly to the Executive Director. Exhibit 9 illustrates the resulting organizational chart.

Exhibit 9: DMO Organization Chart



The DMO Director has been engaged by CRIM and is in the process of developing an action plan to fully stand-up the DMO by July 1, 2023. Simultaneously, appropriate implementing regulations will be reviewed, and amendments proposed by no later than December 31, 2023.

Part II. Sources of Funds

CRIM collects funds from revenue sources established by the Municipal Code. The four main revenue sources are (i) real property taxes, (ii) personal property taxes, (iii) Central Government transfers, and (iv) operating revenues. Other than the operating revenues and the 5% administrative fee charged by CRIM on the basic property tax collections, all other revenue sources are pass-through revenue and do not belong to CRIM. An overview of revenues can be found in **Exhibit 10**.

Exhibit 10: Overview of Revenues

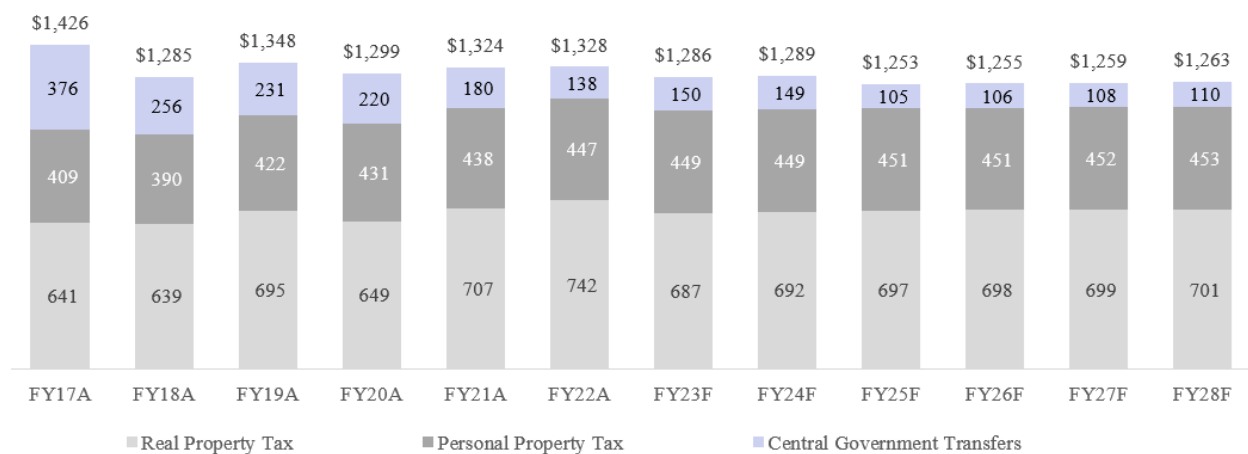
| Source of funds | | FY2022 (Actual) | FY2023 (Estimate) | FY2024 (Projected) |
|------------------------------|--|----------------------|----------------------|-----------------------|
| Real Property Tax | <ul style="list-style-type: none"> 6% basic rate | \$742 million | \$687 million | \$692 million |
| | <ul style="list-style-type: none"> 1.03% State Redemption Fund Tax | | | |
| | <ul style="list-style-type: none"> 1.2% - 5.5% Special Additional Tax (“CAE”) (varies by municipality) | | | |
| Personal Property Tax | <ul style="list-style-type: none"> 4% Basic rate | \$447 million | \$449 million | \$449 million |
| | <ul style="list-style-type: none"> 1.03% State Redemption Fund Tax | | | |
| | <ul style="list-style-type: none"> 1.0% - 5.5% CAE (varies by municipality) | | | |
| Central Government Subsidies | Commonwealth Transfer | \$88 million | \$44 million | \$44 million |
| | Electronic Lottery | \$51 million | \$48 million | \$53 million |
| | Extraordinary Fund | N/A | \$58 million | \$51 million |
| | Exoneration Fund | N/A | N/A | N/A |
| Other Revenues | <ul style="list-style-type: none"> CRIM operating revenues from the sales of certifications and maps, bank service charges, interest income, and other miscellaneous income | \$3 million | \$2 million | \$2 million |

Property tax collections were \$1,190 million in FY2022, approximately 1% higher than the 2022 CRIM Fiscal Plan’s estimate of \$1,178 million estimated for FY2022 in the 2022 CRIM Fiscal Plan.

In addition to the collection of real property and personal property taxes, CRIM is responsible for the distribution of the Central Government subsidies to the municipalities including the Commonwealth transfer and 35% of the net annual income from the Additional Lottery System (“Electronic Lottery”) deposited into the Equalization Fund (the “Commonwealth Transfer”). In accordance with the 2023 certified Commonwealth Fiscal Plan, the Commonwealth Transfer was reduced to \$44 million in FY2023. The Commonwealth Transfer is projected to be \$44 million in FY2024 and will be reduced to \$0 in FY2025. The gradual step down of the Commonwealth transfer over several years allows the municipalities to plan accordingly and implement the necessary action plans to address funding reductions. **Exhibit 11** presents historical and projected baseline property tax collections (excluding measures) and Central Government transfers over time.

Exhibit 11: Baseline Property Tax Collections and Central Government Transfers

(Dollars in millions)



As part of the measures described herein, CRIM must continue to work with the municipalities to increase property tax collections, which will provide additional funds for essential services and help offset the Commonwealth transfer phase-out. The municipalities should also identify additional economic development opportunities that will provide new revenue sources and incentivize economic growth. Higher economic growth would drive more investment, which in turn, would improve property tax collections in a virtuous cycle. The municipalities should also develop and implement efficiency improvements and cost reduction plans, which may include shared services, centralization of certain functions, automation implementation, and other actions to ensure that the reduction of funding minimally impacts services provided to the people of Puerto Rico.

Chapter 3. Real Property

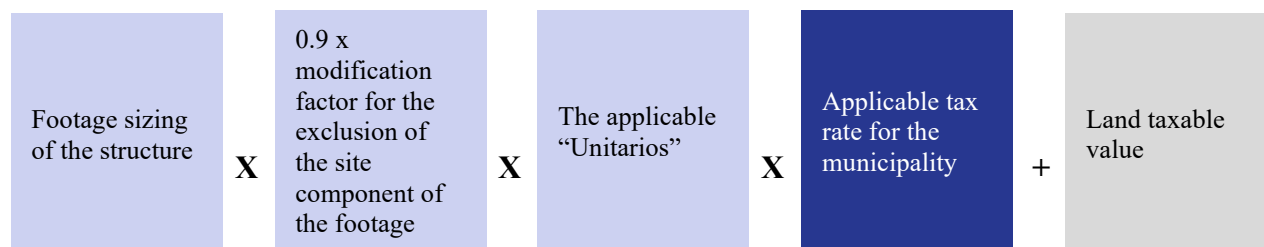
3.1. Values and Exemptions

In Puerto Rico, real (immovable) property consists of land, buildings, and any property adhered to the ground that cannot be moved. CRIM maintains the Digital Cadaster that, as of June 30, 2022, had records of approximately 1.3 million real properties with a total value of approximately \$19.8 billion and a net taxable value of \$8.3 billion. Approximately 58% of the total real property value, or \$11.4 billion, is either exonerated or exempted from paying property taxes. Data from the Planimetric Project indicated that CRIM’s tax rolls might have been missing approximately

239,525 properties; taxation of these properties, projected to improve revenue by up to \$107.4 million a year, is discussed further in **Part V: Measures**.

Real property valuations for tax assessments are based on the property’s replacement cost value as if it were constructed in 1957, which was the last time a valuation assessment was performed on the real property in Puerto Rico. Structures built after 1957 are assessed for tax purposes as if they were built in 1957. This adjustment is made through construction estimates per square foot of a similar property built in 1957. This basic unit valuation is known as “Unitarios.” The “Unitarios” were established for 150 sub-classes of different structures and became the basic unit value to assess all real property and are still used by CRIM.

A typical real property tax assessment imposition is computed as shown:



Land is valued by January 1st of each year based on land area, land characteristics, and prices that existed in 1957. The value calculation is agnostic to the property location. According to the World Bank, area-based assessments are often used when the absence of developed property markets makes it difficult to determine market value.

Most U.S. states value land and structures separately; however, no states use an area-based system for valuing land (with some exceptions for agricultural properties).¹⁰ In the mainland U.S., residential properties are commonly valued using a comparable sales approach, whereby recent sales of similar properties determine the taxable value of residential properties. In the case of industrial properties, most U.S. states use the cost or replacement value approach. The income approach (based on net annual income generated by the property) is used primarily for commercial property valuation.

Puerto Rico also differs from other U.S. jurisdictions in that it offers considerably more tax breaks both in terms of numerical and notional value. These tax exemptions and exonerations reduce the tax base and harm the municipalities, which rely on property taxes to fund essential services. Exemptions are granted by a Commonwealth or Municipal Ordinance, while exonerations are granted under the Municipal Code. On August 26, 2020, the Oversight Board issued a letter to the Government, under Section 205(a) of PROMESA, providing broad recommendations on how the Government can overhaul the property tax system and broaden the tax base to improve its efficiency, effectiveness, and, ultimately, collections. One recommendation was to reduce existing exemptions and exonerations to establish a comprehensive tax base and an equal treatment of taxpayers. Some of these recommendations are now adopted in this Fiscal Plan, and their implementation is required, as further discussed in **Part V: Measures**. Similarly, to ensure that the real property tax base is not further reduced, all new exemptions or exonerations must be revenue neutral and must be approved by the Oversight Board before implementation.

¹⁰ Some states use a graded (banded system) for agricultural properties, assessing these lands based on assumed relative differences in productivity in their current use (rather than their best market use).

Per Article 7.035 of the Municipal Code, residential property taxpayers are granted a tax exoneration on real property for the first \$15,000 of the 1957 assessed value on one residence (this represents more than \$215,000 in current assessed value). By comparison, only 21 U.S. states (including the District of Columbia) provide a broad-based homestead exemption.¹¹ **Exhibit 12** provides an overview of U.S. homestead exemptions, and **Appendix 5** provides a detailed breakdown by state.

Exhibit 12: Real Property Tax Exemptions by Type

| Type | Number of states | Puerto Rico Exemptions |
|--------------------------|------------------|------------------------|
| General | 21 | ✓ |
| Senior | 18 | ✓ |
| Disability-related | 22 | ✓ |
| Military service related | 37 | ✓ |
| Other | 15 | ✓ |
| None | 4 | |

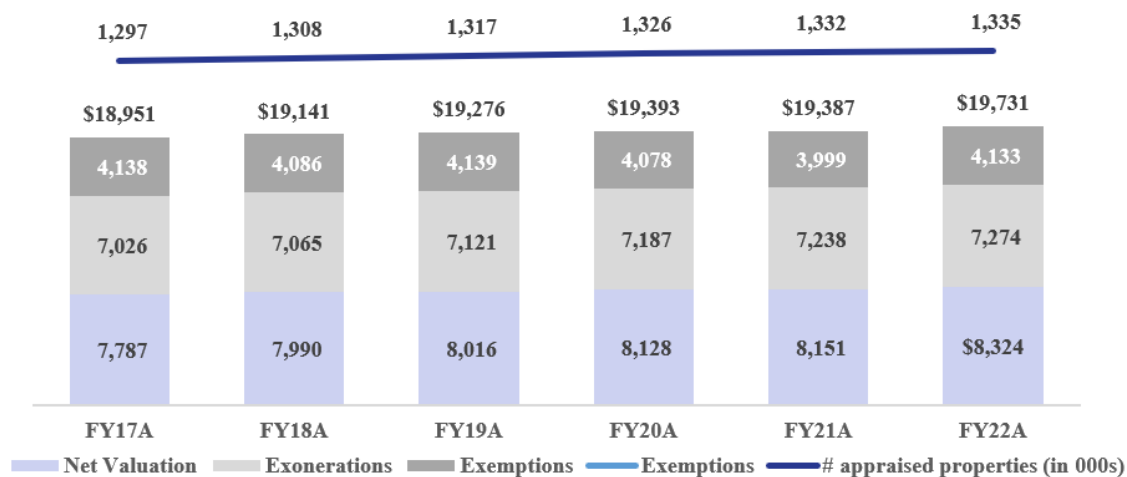
Note: Disability-related and military service-related exemptions do not equal the sum of their respective subcategories because of overlap.

Additionally, Puerto Rico legislation may grant certain special tax exemptions to veterans, agricultural properties, cooperatives, non-profit entities, hospitals, government properties, properties within historic areas/foreign free trade zones, properties leased to elders, and on an *ad hoc* basis. To be granted these additional exemptions, taxpayers must file an application and meet each category’s established requirements.

As shown in **Exhibit 13**, the number of appraised properties, total real property values, as well as tax breaks have remained relatively flat over the last five years (less than 1.0% annual growth). However, given the methods used to value real property, this pattern does not reflect the real change in the property’s economic value over the period. Net taxable values have remained steady at approximately 40% of the total appraised value because of significant exemptions and exonerations. See **Appendix 6** for detailed figures by municipality.

Exhibit 13: Real Property Tax Exemptions, Exonerations, and Net Valuations

(Dollars in millions)



¹¹ Source: Lincoln Institute of Land Policy, Residential Property Tax Relief Programs (2022).

Total tax exonerations and exemptions amounted to \$7.3 billion and \$4.1 billion, respectively, of real property value as of June 30, 2022. The exonerations are primarily the result of exonerations on residential properties.

The municipalities must work with the Government to quantify and understand the impact on municipal finances of all the current exemptions and exonerations. The Government must consider repealing all current exemptions and exonerations that are not justifiable and negatively impact municipal finances, as discussed in more detail in **Part V: Measures**.

3.2. Real Property Tax Rates

There are four components to the real property tax rate applied to the net taxable values discussed above. They are:

- (1) The Basic Municipal Contribution tax rate for real property is up to 6.00%.
- (2) The State Redemption Fund Tax adds 1.03%.
- (3) CAE tax rates vary by municipality, ranging from 1.20% to 5.50%.
- (4) Act No. 16 of May 31, 1960 (“Act 16-1960”) authorizes *Hacienda* to grant a discount of 0.20% on the basic tax rate.

For example, the calculation for the real property tax rate in San Juan for FY2023, which has a CAE tax rate of 3.50%, is as follows:

| | | | | | | | | |
|---------------------------|---|---|---|-------------------------|---|--------------------------|---|----------------------------|
| <u>Basic Tax</u> 6.00% | + | <u>State Redemption Fund Tax</u> 1.03% | + | <u>CAE Tax</u> 3.50% | - | <u>Discount</u> 0.20% | = | <u>Total Tax</u> 10.33% |
|---------------------------|---|---|---|-------------------------|---|--------------------------|---|----------------------------|

In total, as shown in **Exhibit 14**, for FY2024, the combined real property tax rates range from 8.03% to 12.33% of net taxable value for all of the municipalities. See **Appendix 8** for detailed calculations by municipality.

Exhibit 14: Real Property Statutory Rates for FY2024 (Post-discount)

| Rate Range | Number of Municipalities |
|-----------------|-----------------------------|
| 8.00% - 8.99% | 11 |
| 9.00% - 9.99% | 19 |
| 10.00% - 10.99% | 37 |
| 11.00% - 11.99% | 8 |
| 12.00% - 12.99% | 3 |

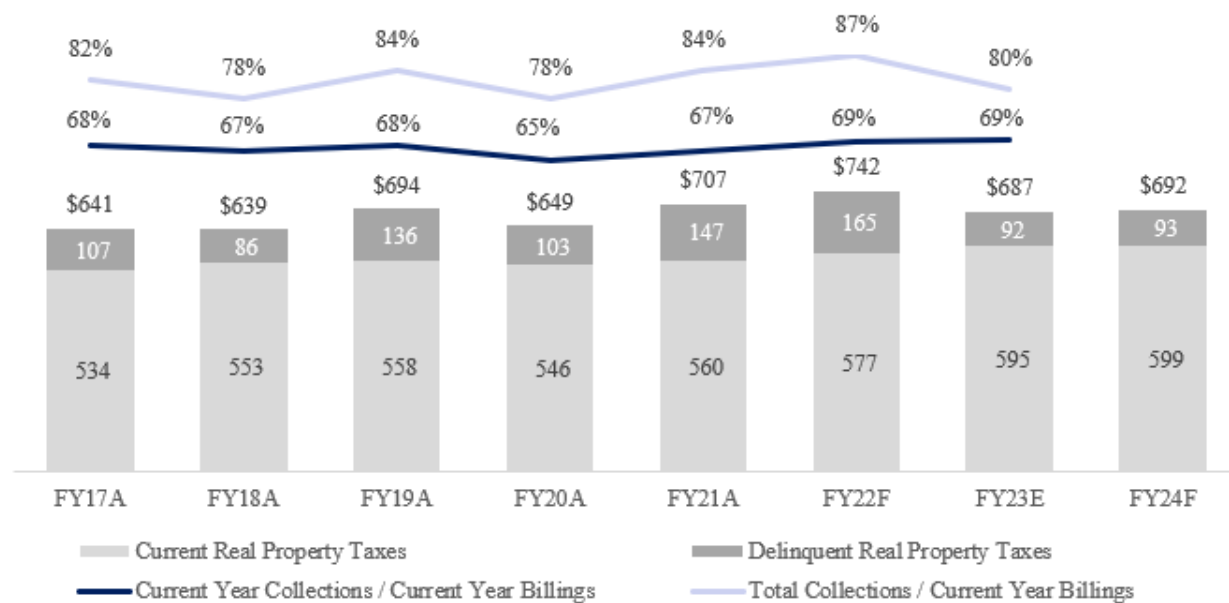
3.3. Collection Rates

Current year real property tax collections have remained relatively flat over the last five years, with a decline in FY2018 because of Hurricanes Irma and María, and in FY2020 because of the COVID-19 pandemic.

Tax payments are due on July 1 and January 1 of each year, with a 90-day grace period. There is a discount matrix for real property tax payments within the 90-day grace period.¹² Collections fall into two categories, current or delinquent, depending on the collection year, as shown in **Exhibit 15**.

Exhibit 15: Historical Real Property Total Tax Collections

(Dollars in millions)



Current year collections have averaged approximately 68% in recent years; however, in FY2020, the current-year collection rate reduced to approximately 65%, indicating that there were more delinquencies, largely attributed to the COVID-19 pandemic. As shown in **Exhibit 15**, a significant portion of annual real property tax collections come from past due payments by taxpayers. These past-due payments accounted for more than 22% of real property collections in FY2022, with \$165 million in collections. Past-due collections in FY2023 decreased to an estimated \$92 million, representing 15% of total real property tax collections. Although FY2022 current year collections resulted in a weighted average collection rate of 69%, the simple non-weighted average among the 78 municipalities was 63%, demonstrating a disparity in collection rates in the smaller municipalities ranging from 43% to 82%.

Historically, collection rates for current-year billings in Puerto Rico have been well below comparable U.S. jurisdictions. For example, in FY2019, the current year collection rates for the City of Detroit, MI, was approximately 82%; Cleveland, OH, was approximately 90%; St Louis,

¹² Up to 30 days: -10%, 31 to 60 days: -5% and 60 to 90 days: no discount is granted, 90 days implies fees, charges, and interests. This matrix applies for the two payments datelines of the tax year.

MO, was approximately 93%; and Philadelphia, PA, was approximately 91%. Low collection rates are likely caused by various factors, including outdated technology (i.e., siloed systems) and lack of enforcement (i.e., inefficient procedures and limited annual foreclosures).

Under Article 7.059 of the Municipal Code, a tax obligation is considered delinquent if it has not been paid within ninety (90) days from when the tax payment became due. CRIM must follow up with all delinquent taxpayers and make all efforts permissible by law to enforce compliance, including embargoing delinquent properties. CRIM must assess the impacts of late payments and include procedures to address the large population of late paying taxpayers in the design of the DMO (“Default Management Office”). This will increase collection rates and assist the municipalities in increasing revenues prior to seeking default remedies via tax liens and foreclosures. The operation of the DMO is explained in detail in Chapter 2.

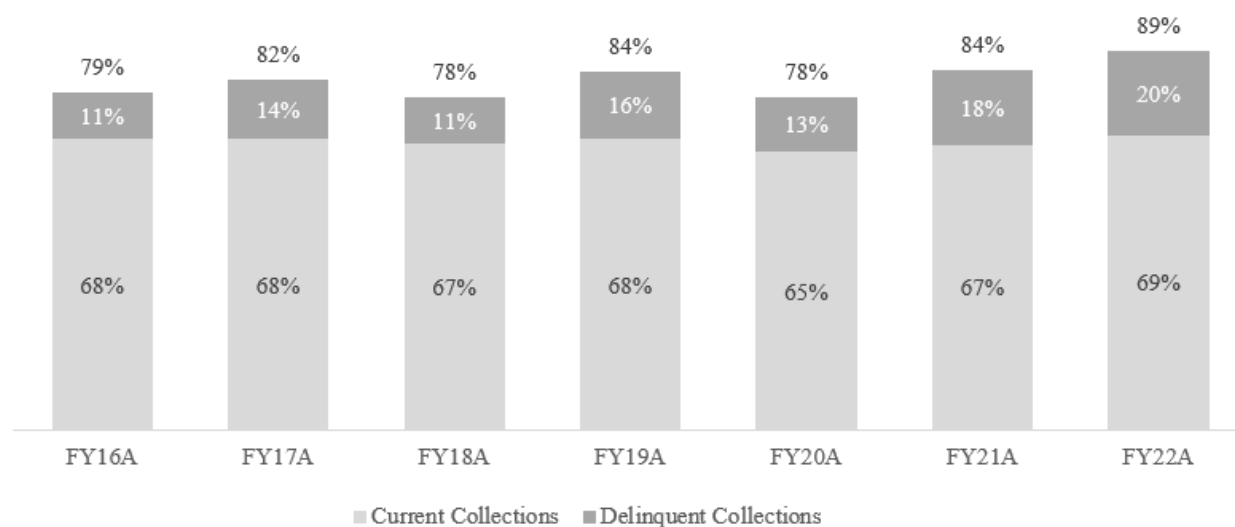
Current procedures limit the execution of the embargo process on a delinquent property if it is referred by a municipality or agency. However, CRIM must also track all delinquent properties and enforce the embargo process as part of its day-to-day operations, regardless of whether a delinquent taxpayer is referred by a municipality or agency.

CRIM starts the embargo process by drafting a written embargo notification listing the taxpayer’s total debt, interests, and any penalty fees for the corresponding property. If the taxpayer does not respond within fifteen (15) days of the first notification, a second and final notification will be issued with “acknowledgment of receipt”. These notifications are sent to the debtor following the Puerto Rico Rules of Civil Procedure with a warning that if the tax obligation is not paid within 30 calendar days after receiving the notification, the delinquent property will be sold in a public auction. The proceeds of the sale will be used to repay any outstanding debt. CRIM also has the authority to embargo the delinquent taxpayer’s bank accounts to collect any outstanding debt.

In FY2023, pursuant to the measures outlined in this Fiscal Plan, CRIM is to resume all collection efforts with the re-establishment of the DMO, which is designed to assist taxpayers in avoiding default by allowing forbearance and establishing payment plans before a payment default occurs. Furthermore, the DMO will resume enforcement actions, including “outbound calls” collection efforts, embargoes, tax lien sales, and public auctions to improve taxpayer compliance and increase collection rates to provide much needed financing for the municipalities.

Exhibit 16 illustrates the historical collection rates as a percentage of current year billings, and **Appendix 8** identifies the current year collection rates by municipality. **Part V: Measures** further discusses opportunities for Puerto Rico to improve its subpar collection rates and sets July 1, 2023, as the launch date for the Default Management Office.

Exhibit 16: Historical Real Property Tax Billings and Collection Rates



The municipalities vary greatly in their collection rates. While nearly all municipalities have a current year collection rate below comparable U.S. jurisdictions, significant variances exist within Puerto Rico. As **Exhibit 17** below shows, in FY2022, Municipal current year collection rates for real property range from 82.3% for Peñuelas to only 42.9% for Guánica.

Exhibit 17: Highest and Lowest Current Year Collection Rates by Municipalities (FY2022)

| 10 Highest Collections Rates | | 10 Lowest Collections Rates | |
|------------------------------|-------|-----------------------------|-------|
| Peñuelas | 82.3% | Guánica | 42.9% |
| Guaynabo | 78.9% | Las Piedras | 46.4% |
| Cataño | 77.2% | Salinas | 48.5% |
| Dorado | 75.6% | Jayuya | 49.1% |
| San Juan | 75.0% | Las Marías | 49.4% |
| Cayey | 74.9% | Ciales | 52.2% |
| Gurabo | 74.7% | Yabucoa | 54.1% |
| Bayamón | 72.5% | Maricao | 54.1% |
| Hormigueros | 72.1% | Vega Baja | 54.3% |
| Humacao | 72.0% | Florida | 54.8% |

Exhibit 18 below suggests that low real property collection rates have generated large gross accounts receivable (“A/R”) balances amounting to nearly \$4.3 billion in past due real property tax debts, some dating back as far as 1975. The delinquent A/R portfolio consists of \$2.5 billion in interest and penalties (net of discounts) on \$1.65 billion of principal at the end of FY2022.

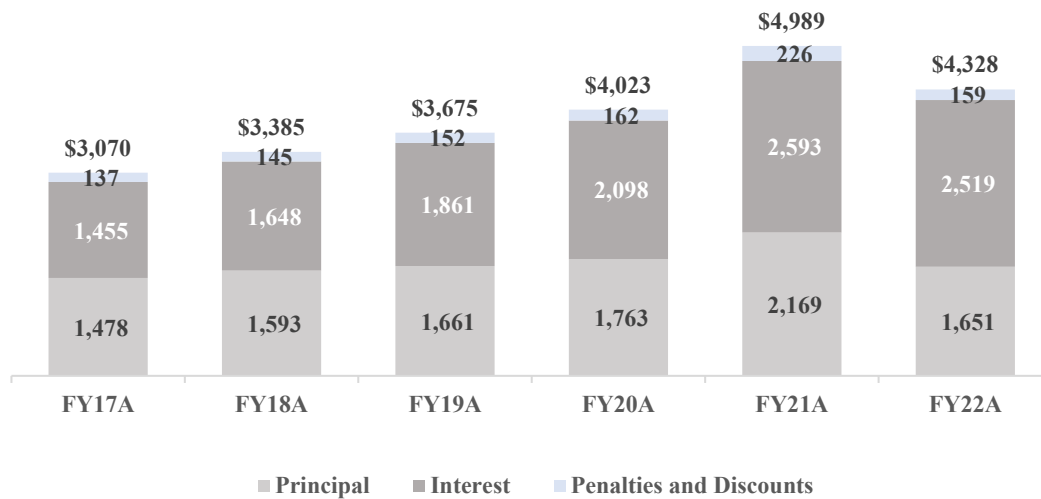
During FY2022 CRIM improved its data quality by validating tax liens, clearing backlogs, and remediating other operational inefficiencies before conducting the Tax Relief Program which resulted in the collection of \$217 million of past due A/R. CRIM must continue to update the A/R

records to accurately reflect the past due A/R balance ahead of the engagement of a third-party advisor to validate the data and value the remaining real property A/R portfolio.

After analyzing the aged receivables, CRIM’s auditor established an allowance for uncollectable accounts of approximately 81%. After applying the reserve against the gross A/R balance, the net figure for real property falls to approximately \$808 million at the end of FY2022.

Exhibit 18: Historical Real Property Tax Accounts Receivable Balance

(Dollars in millions)

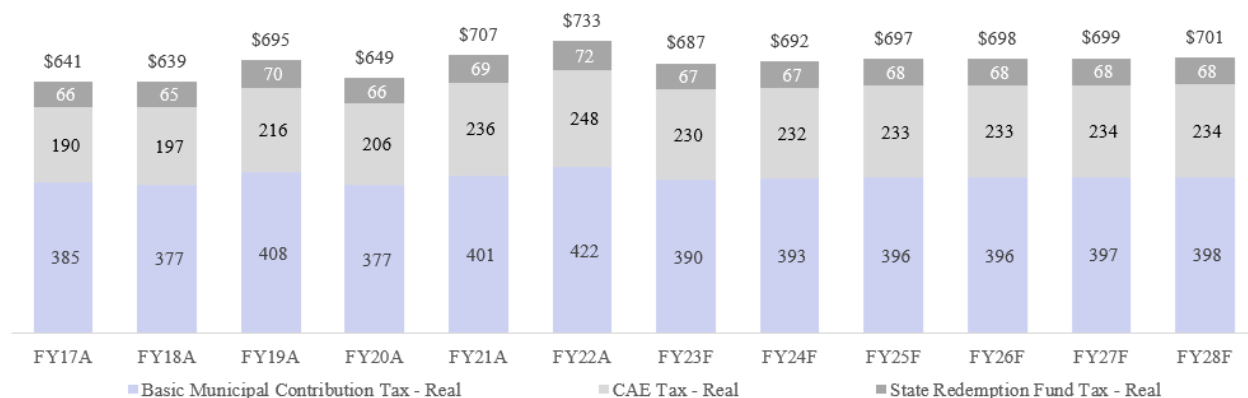


3.4. Real Property Tax Revenues Over Time

Exhibit 19 below presents historical and projected baseline revenues broken into three categories corresponding to the types of tax rates: Basic Municipal Contribution, CAE, and State Redemption Fund.

Exhibit 19: Historical and Projected Baseline Real Property Tax Revenues

(Dollars in millions)



3.5 Real Property Tax Reform

In March 2019, the U.S. Department of the Treasury assessed Puerto Rico’s property tax system, and that assessment should inform and guide effective tax design. The combined result is that the property tax in Puerto Rico badly underperforms relative to its potential. Detailed criteria to guide the property tax system identified in the report are listed in **Appendix 3**.¹³

The Oversight Board issued a letter to the Government of Puerto Rico, under Section 205(a) of PROMESA, providing broad recommendations on how the Government can overhaul the Commonwealth’s property tax system to improve its efficiency, effectiveness, and, ultimately, increase its collections. Many of these recommendations are aligned with the recommendations issued by the U.S. Department of the Treasury.

The reforms identified in the letter, many of which would require legislation, consider the following four categories of changes:

1. Reduce tax exemption and exonerations
 - a. CRIM must work with the Government, the municipalities, and all appropriate agencies to conduct a detailed review of all current property tax exemption and exemptions, including those granted under Act 60-2019 to identify the parameters of such exonerations and exemptions and quantify the annual foregone revenue of each. This review should be completed to promote a comprehensive tax base and equal treatment of taxpayers.
 - b. Once the detailed review is complete, the Government should repeal legislation authorizing current exemptions that are not justifiable under equity grounds and should establish a moratorium on the creation of new exemptions, considering a transition period for contractually agreed tax exemptions.
 - c. The Government should develop and adopt formal policy guidance and regulations specifying the circumstances under which exemptions might be considered desirable, with the default position that all exemptions will be denied unless a compelling justification exists.
2. Establish a market value basis for property valuation
 - a. Scenario 1: Refresh real property valuation approach to a “market-informed” system based on current market prices and construction methods.
 - i. CRIM must work with the Government, the municipalities, and all appropriate agencies to complete an analysis to update the current cost/summation methodology used to value real property, which is currently based on outdated classifications and outdated pricing schedules that do not resemble the actual value of property improvements today;
 - ii. The Government should pass legislation to revise quality and materials classification categories to reflect present construction technologies/methods and establish construction cost schedules that reflect present-day construction/replacement costs;
 - iii. Similarly, CRIM must work with the Government, the municipalities, and all appropriate agencies to complete an analysis to revise land valuation to

¹³ Property Taxes in Puerto Rico: Assessment and Recommendations, March 2019.

- reflect present-day market prices. A land value banding structure could be developed to classify land;
- iv. The Government should pass legislation to revise land valuation to, at a minimum, reflect market valuation banding.
- b. Scenario 2: Establish a true market value (transaction data) approach to property valuation.
 - i. After refreshing real property valuation, as explained in Scenario 1 above, the Central Government should pass legislation to establish a mass appraisal process to revalue properties on a recurrent basis;
 - ii. In addition, the Government should establish multiple methods for valuing improvements based on existing use and set land values equal to the market value of individual parcels of land.
3. Levy appropriate property tax rates
 - a. CRIM must work with the Government, the municipalities, and all appropriate agencies to identify what the appropriate statutory and effective tax rates would be across the different property types to achieve the desired tax collection level and promote equity and fairness for all taxpayers.
 - b. The Government should pass legislation to levy appropriate tax rates across all property types.
 4. As the Government modernizes the property tax system, it can use classification to transparently vary effective tax rates between residential, commercial, and industrial properties if such variation is justifiable. Instead of using exemptions and exonerations, effective tax rates can be adjusted across a broad category of property (to achieve explicit policy objectives) using differing assessment ratios or statutory tax rates based on the property type.

CRIM must complete key milestones to implement these recommendations. These milestones include (i) a comprehensive review of current property tax exemptions and exonerations, (ii) completing an analysis to update the current cost/summation methodology used to value real estate, (iii) completing an analysis to revise land valuation to reflect present-day market prices, and (iv) identify the appropriate tax rates across different property types to achieve the desired tax collection level.

To date, the initial exemptions and exonerations report has been completed. However, after revision by FOMB, CRIM must submit a supplementary report including additional details on exemptions and exonerations. The remaining reports are currently in the process of being completed by CRIM.

In March 2023, the Oversight Board approved a request by CRIM to conduct a study to (i) update the “Unitarios,” (ii) determine the need to create new unit valuation categories to address structures and sub-structures built with materials post-1957, and (iii) update the basic unit value to assess all real property from 1957 values to 2021 values.

Despite commissioning this study, CRIM believes the implementation of a market informed or “true market value” approach may not currently be viable due to limited available data on market values and the current political environment, whereby a potential increase in tax rates for citizens would not likely be supported. Nevertheless, CRIM must continue to work with stakeholders across the island to support comprehensive tax reform pursuant to the Fiscal Plan measures discussed further in **Part V: Measures**, of this Fiscal Plan.

Chapter 4. Personal Property

4.1. Values and Exemptions

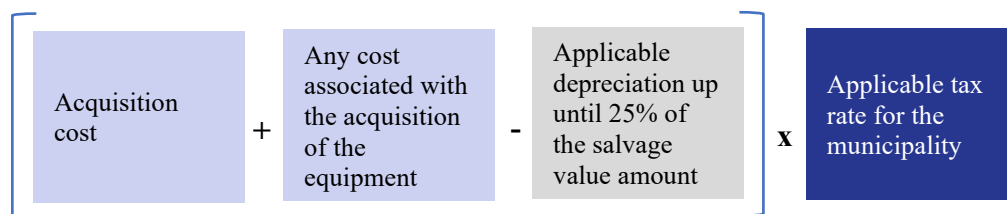
Personal (moveable) property consists of tangible and intangible property in industrial or business applications that can be moved from one place to another, including inventory, machinery and equipment, and other moveable assets.

In FY2022¹⁴, personal property filings increased to 100,638 from 91,466 in FY2021, with a total valuation of approximately \$14.9 billion and a net taxable value of \$5.5 billion. Approximately \$9.4 billion of the total personal property value is either exonerated or exempted from paying property taxes. Unlike real property tax revenues, CRIM does not rely on a registry for personal property taxes. Personal property is self-assessed annually by taxpayers, making compliance the key area of focus for improved revenues.

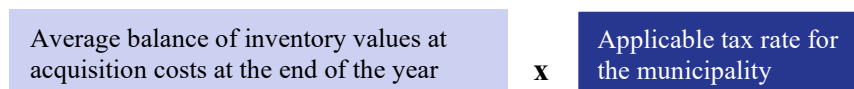
Inventory taxable value, excluding finished goods, is based on the lesser of book value or fair market value on January 1st of each year. On the other hand, finished goods inventory taxable value is assessed on the monthly average balance for the year preceding January 1st. These amounts are calculated by individual taxpayers and reported on their tax return filings on May 15th.

A typical personal property tax assessment imposition is computed as shown:

- For equipment:



- For inventories (excluding finished goods):



The cost approach is in line with the approach of most other U.S. jurisdictions. As a result, the valuation of personal property is much closer to the current market value than real property. This fundamental mismatch between the valuation methods used in personal property and real property may cause tax burden inequities among taxpayers in Puerto Rico. Presently, business machinery and equipment are valued at acquisition cost (minus depreciation) with a residual value not less than 10% – 20% of its purchase price (depending on property class).

A significant portion of the personal property tax is made up of the tax on businesses' inventories. In FY2022, inventory represented approximately 53% of the total billable personal property taxes. For Yabucoa, Carolina, and Cataño, inventory represented 92%, 79%, and 73% of the total billable personal property taxes, respectively, the highest for any municipality. There has been significant

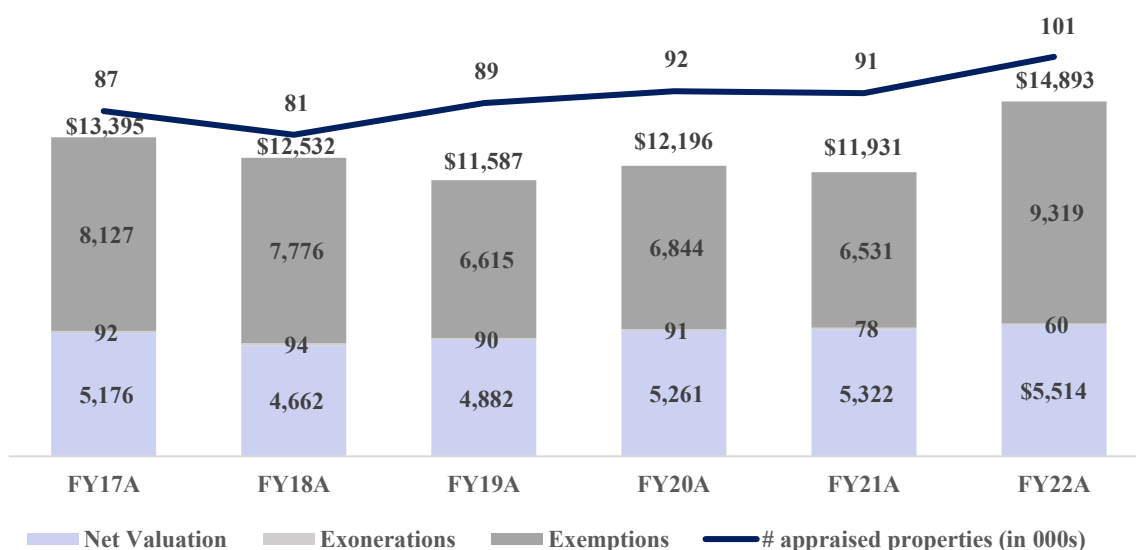
¹⁴ The most recent available data regarding the inventory tax is from FY2022.

pressure from local business groups to repeal this tax as it is purported to incentivize companies to maintain as little inventory in Puerto Rico as possible. Any efforts by the Government to eliminate the inventory tax must be revenue-neutral to both the Commonwealth and the municipalities.

As shown in **Exhibit 20**, in FY2022, over \$9.3 billion of total personal property taxable value (roughly 63% of the total) was exempted or exonerated from paying taxes. CRIM must work closely with the Government to reduce existing exemptions and exonerations to establish a comprehensive tax base and strengthen municipal finances, as further discussed in **Part V: Measures**. Similarly, to ensure that the personal property tax base is not further reduced, all new exemptions or exonerations must be revenue neutral and must be approved by the Oversight Board before implementation. **Appendix 10** presents detailed valuation and exemption figures by municipality.

Exhibit 20: Personal Property Tax Exemptions, Exonerations, and Net Valuations

(Dollars in millions)



In May 2018, CRIM performed a study of tax returns and identified 3,887 different exemptions, of which 3,751 (97%) were granted by the Central Government. Approximately 63% of the total exemptions were granted under (i) Act 225-1995 (for agriculture), (ii) Economic Incentives Act of 2008, (iii) Economic Incentives Act of 1997, and (iv) Act 83-1991 (for non-profit organizations). Many of these acts were repealed and substituted by Act No. 60 of July 1, 2019, as amended (“Act 60-2019”), known as the Puerto Rico Incentives Code. **Appendix 7** details the findings of the study conducted by CRIM. Additionally, certain exonerations are available to qualifying smaller businesses. A recently published report by the U.S. Treasury¹⁵ found that “two-thirds of firms required to complete the filing process reported total personal property value for their firm at less than \$5,000. At the other extreme, 50 percent of the revenue billed came from just 178 companies, and 80 percent came from fewer than 1,000 companies.”

Puerto Rico’s personal property tax collections as a percentage of total property tax collections (approximately 40%) are a substantially larger portion than in the 50 states and the District of

¹⁵ Source: Property Taxes in Puerto Rico: Assessment and Recommendations, March 2019.

Columbia. For example, personal property comprises only 3.3% of the county taxable property base in Maryland.¹⁶ This disparity partially results from personal property exemptions widespread throughout the largest metropolitan areas in each of the 50 states and the District of Columbia, summarized in **Exhibit 21** below. Perhaps the most notable is inventory exemptions: 45 states provide preferential treatment, including 41 that provide a full exemption.

Exhibit 21: Personal Property Tax Exemption and Preferential Treatment in the U.S.

| | Number of States |
|-----------------------------------|-------------------------|
| Machinery & Equipment | |
| Full exemption | 19 |
| Preferential treatment | 29 |
| Manufacturer's Inventories | |
| Full exemption | 41 |
| Preferential treatment | 45 |
| Fixtures | |
| Full exemption | 13 |
| Preferential treatment | 21 |

4.2. Personal Property Tax Rates

There are four components to the personal property tax rate applied to the net taxable values. These elements are:

- (1) The Basic Municipal Contribution tax rate for real property is up to 4.00%.
- (2) The State Redemption Fund Tax adds 1.03%.
- (3) CAE tax rates vary by municipality, ranging from 1.00% to 5.50%.
- (4) Act 16-1960 authorizes *Hacienda* to grant a discount of 0.20% on the basic tax rate.

For example, the calculation for San Juan’s personal property tax rate for FY2023, which has a CAE tax rate of 3.50%, is as follows:

| | | | | | | | | |
|---------------------------|---|---|---|-------------------------|---|---------------------------------|---|------------------------------|
| <u>Basic tax</u> 4.00% | + | <u>State Redemption Fund Tax</u> 1.03% | + | <u>CAE tax</u> 3.50% | - | <u>Discount</u> 0.20% | = | <u>Total</u> 8.33% |
|---------------------------|---|---|---|-------------------------|---|---------------------------------|---|------------------------------|

¹⁶ Source: 50-State Property Tax Comparison Study – for Taxes Paid in 2021. Published by the Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence in July 2022.

In total, as shown in **Exhibit 22** below, the combined personal property tax rates for FY2023 range from 5.80% to 10.33% of net taxable value for all the municipalities. See **Appendix 12** for detailed calculations by municipality. Personal property tax rates in Puerto Rico are significantly higher than in any state in the U.S.

Exhibit 22: Personal Property Statutory Rates for FY2024 (Post-discount)

| Rate Range | Number of Municipalities |
|----------------|--------------------------|
| 5.00% - 5.99% | 2 |
| 6.00% - 6.99% | 21 |
| 7.00 - 7.99% | 15 |
| 8.00 - 8.99% | 33 |
| 9.00 - 9.99% | 5 |
| 10.00 - 10.99% | 2 |

4.3. Collection Rates

As mentioned above, taxes for personal property values are self-assessed by taxpayers on their personal property tax returns based on property values as of January 1 of each year. The personal property tax return is due on or before May 15 of each year. An extension of 90 days is available to file the personal property tax return if requested on or before May 15. The filing extension does not constitute an extension for the payment of the taxes due. If the personal property tax liability exceeds \$1,000, the taxpayer pays estimated amounts in four equal quarterly installments due on or before the 15 day of August, November, February, and May of every year. Estimated personal property tax payments are the lesser of 90% of the current year’s tax or 100% of the prior year’s tax. Any tax not covered by the estimated tax payments needs to be paid by May 15. For FY2021, CRIM delayed the first quarterly installment from August 15 to September 15 due to COVID-19. In FY2022, CRIM approved a seven-day short-term extension, due to the filing date occurring on a Sunday, and then extended again to account for the power outage that impacted the island in mid-April 2022.¹⁷

The taxpayer is allowed a 5% discount if the personal property taxes for the current year are paid through the required estimated payments. Taxpayers not required to pay estimated taxes can take the 5% discount if they pay their total personal property taxes by May 15. Not paying the tax on the due date can result in a penalty of 5% of the unpaid amount for a delay in payment over 30 days, but not more than 60 days; 10% of the unpaid amount for a delay in payment over 60 days, but not more than 90 days; and 15% of the unpaid amount for a delay in payment over 90 days.

With respect to self-assessed taxes, total collection rates are close to 100%. CRIM’s operational efforts to date have focused on improving the electronic filing system to streamline and simplify

¹⁷ The FY2022 personal property tax filing deadline was extended on May 6, 2022, from May 15, 2022 to May 23, 2022

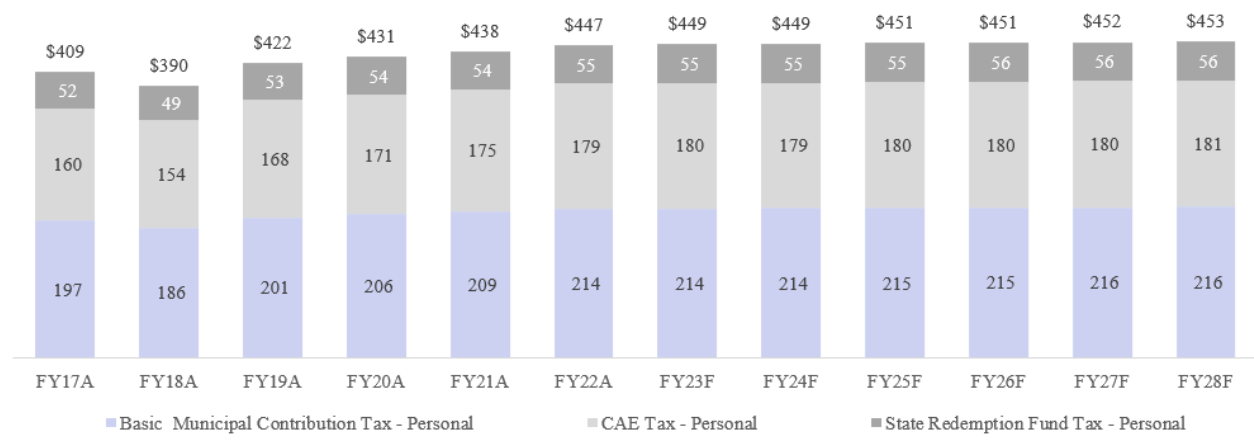
the process for taxpayers, eliminate payment delays, and address other issues resulting from outdated technology. Starting in FY2018, CRIM required personal property filings to be submitted electronically through the Personal Property Portal. Future opportunities for personal property tax collection improvement rely primarily on increased compliance (i.e., ensuring appropriate valuation, application of exemptions, and filings). These opportunities are further discussed in **Part V: Measures**.

4.4. Personal Property Tax Revenues Over Time

Exhibit 23 presents historical and projected baseline revenues broken into three groups corresponding to the three types of tax rates.

Exhibit 23: Historical and Projected Baseline Personal Property Tax Revenues

(Dollars in millions)

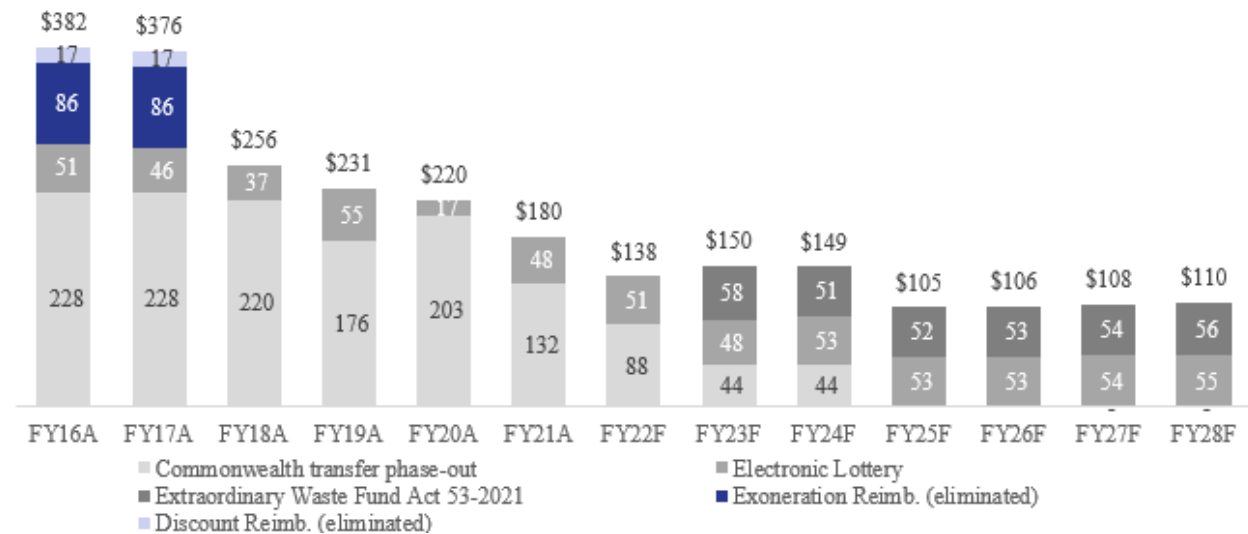


Chapter 5. Central Government Transfers

Historically, the Central Government transferred funds to CRIM through General Fund appropriations, which were then distributed to the municipalities. These include: a) Equalization Funds per Article 7.015 of the Municipal Code; and b) Exoneration Funds per Articles 7.029 and 7.031 of the Municipal Code and per Act 16-1960. Article 7.015 of the Municipal Code established a special fund known as the Equalization Fund to ensure that all of the municipalities receive at least the same amount of revenues as they received in the prior year from these sources. The Equalization Fund currently includes the Commonwealth transfer through FY2024 (until its elimination in FY2025), 35% of Electronic Lottery net annual income, and now will include a sub-fund to disburse the Extraordinary Fund to cover waste and sanitization services in accordance with the approved disbursement methodologies. As part of the certified Commonwealth Fiscal Plan, most of the Central Government transfers will be eliminated. By FY2025, only the Electronic Lottery and the Extraordinary Fund will remain, as shown in **Exhibit 24**.

Exhibit 24: Historical and Projected Central Government Transfers

(Dollars in millions)



5.1. Commonwealth Transfer

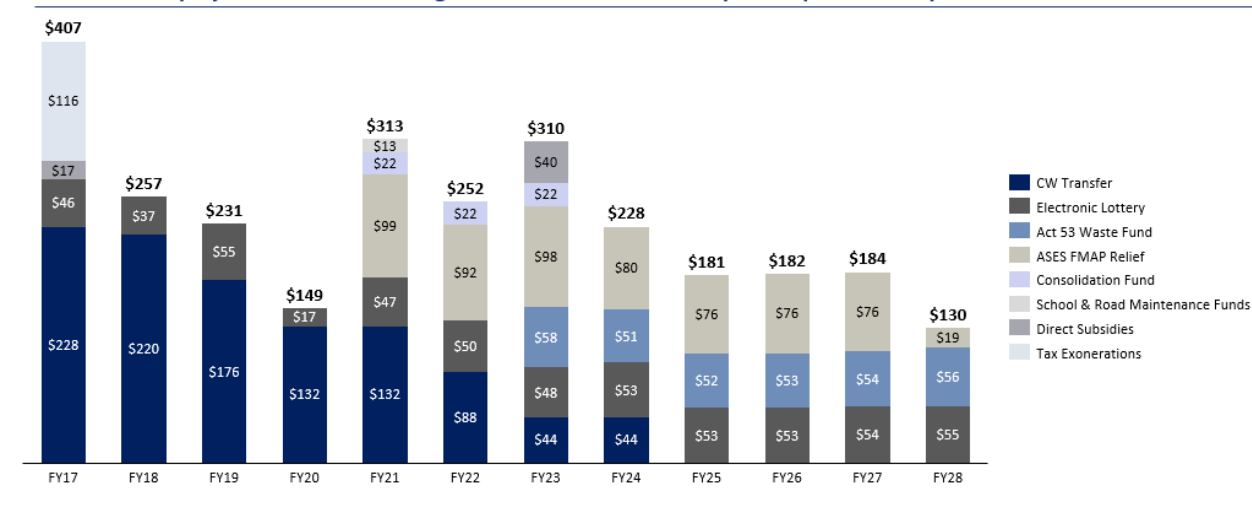
Historically, the Commonwealth Transfer represented 2.5% of the net internal revenue of the Commonwealth’s General Fund. In 2018, according to the Commonwealth Fiscal Plan, this amount was capped at \$219.7 million, and the 2023 Commonwealth Fiscal Plan gradually eliminates this transfer by FY2025. The Commonwealth Transfer was \$175.8 million in FY2019 (a 20% reduction from FY2018) and \$131.8 million in FY2020 (a 40% reduction from FY2018). For FY2021, the Commonwealth Transfer was originally projected to be \$87.9 million (a 60% reduction from FY2018) per the 2019 certified Commonwealth Fiscal Plan. However, due to the COVID-19 pandemic, and in accordance with the 2020 Commonwealth Fiscal Plan, the FY2021 Commonwealth transfer remained at \$131.8 million. The temporary deferral of the gradual phase-out of the Commonwealth Transfer provided incremental support and funding to the municipalities during the COVID-19 pandemic. The phase-out resumed in FY2022 when the Commonwealth Transfer was reduced to \$87.9 million and was further reduced in FY2023 to \$43.9 million, the same amount which will be available for FY2024, in line with prior certified Commonwealth and CRIM Fiscal Plans. The full phase-out of the Central Government Transfer is currently planned for FY2025.

To offset this phase-out, and in recognition of the important role that the municipalities play in providing core services to the citizens of Puerto Rico, over the past 3 years the Oversight Board has authorized and funded the establishment of multiple new appropriations and investments. This incremental funding includes, among other appropriations, the Act 53 Waste Fund, offsetting Medicaid federal funds, the Municipal Consolidation Fund, one-time municipal economic support, emergency reserve funding, and school and road maintenance funding. The impact of this funding is illustrated below in **Exhibit 25**.

Exhibit 25: External Funding Sources Available to the Municipalities

(Dollars in millions)

Historical and projected external funding sources available to municipalities (\$ in millions)



Further, as detailed in the 2023 Commonwealth Fiscal Plan, starting in FY2024, additional funding from the Commonwealth may be made available to the municipalities as part of the ongoing collaboration to improve fiscal sustainability. This funding will only be made available once established transformational measures and milestones related to these initiatives are achieved. The Oversight Board, the Commonwealth, and the municipalities plan to use the FY2024 Commonwealth budget certification process to agree on specific financial and operational milestones, along with the corresponding conditional funding amounts required for disbursement.

5.2. Electronic Lottery Funds

CRIM receives 35% of the net annual income from the Electronic Lottery operations to distribute to the municipalities through the Equalization Fund. Net annual income is net of participants' winnings and any other operating expenses. CRIM must closely monitor the level of actual Electronic Lottery proceeds throughout the year to ensure municipal advances are aligned with actual lottery receipts.

Before the beginning of every Fiscal Year, CRIM informs the municipalities on their projected real and personal property tax collections and Equalization Fund allocation. The municipalities use these estimated revenues to prepare their operating budgets. CRIM advances these estimated revenues as part of the monthly municipal remittances. If lottery sales are lower than projected, or winnings are higher than anticipated, as has been the case in prior years, the electronic lottery proceeds received by CRIM might be lower than originally estimated. Such a situation is communicated to the municipalities. If this is the case, CRIM needs to do a mid-year adjustment to the monthly municipal remittances to reflect this lower amount to avoid over-advancing and causing a liquidity issue at the agency. Any mid-year adjustment that reduces revenues negatively impacts the municipalities, as they then need to adjust their annual budgets, which may impact the funding of essential services.

For FY2024, CRIM projects Electronic Lottery proceeds to be \$53.1 million, based on *Hacienda's* estimates. During the past year, the Lottery Bureau under *Hacienda* has worked collaboratively with CRIM to establish continual reporting. This has allowed CRIM to monitor and quickly react

if a material negative variance from estimates occurs. Due to this improved collaboration, CRIM believes that there is no longer a need to build a buffer into Electronic Lottery estimates by reducing the amounts provided by *Hacienda*.

5.3 Extraordinary Fund for Waste

Article 401 of Act 53-2021, or the “Law to End Bankruptcy in Puerto Rico,” established the Extraordinary Fund to address the collection and disposal of residuals and waste, and to implement recycling programs in the municipalities. As stated in Act 53-2021, the Extraordinary Fund was placed within the municipalities Equalization Fund provided under Article 7.015 of Law 1072020, as amended, but in an account separate from other incomes of said fund, to be used for waste-collection and disposal-specific purposes.

This new fund was created as a way for the Government to allocate some of the savings created from the POA to the municipalities. The Extraordinary Fund is funded annually from 42% of the amount collected during the prior fiscal year of the 1.03% State Redemption Fund Tax component to the property taxes for the municipalities. As described in **Chapter 8: Other Transfers**, the State Redemption Fund tax proceeds are collected by CRIM and transferred to *Hacienda* on a quarterly basis pursuant to the POA.

In addition, Act 53-2021 designated CRIM to establish the distribution formula of the Extraordinary Fund for the municipalities, while considering the following parameters:

1. The total number of beneficiaries of the Nutritional Assistance Program, per capita, according to the certification to that effect issued by the Department of the Family, which is determined in the immediately preceding fiscal year or in the closest fiscal year for which the information is available;
2. The functional budget per capita of each municipality, for the immediately preceding fiscal year or the closest fiscal year for which the information is available;
3. The appraised value of taxable property per capita located within the territorial limits of each municipality, corresponding to the immediately preceding fiscal year or to the closest fiscal year for which the information is available; and
4. The population of the municipality per square mile, according to the last ten-year census.

The parameters above were meant to benefit smaller municipalities as well as those highly dependent on the Nutritional Assistance Program. Still, use of these funds is limited to collection and disposal of garbage, waste and debris, and implementation of recycling programs.

It is important to note that this appropriation may only be included in the budget for the current fiscal year if the amount of Medicaid funds that are received during the prior fiscal year exceeds the projected amount of Medicaid funds for that prior fiscal year, as set forth in the latest certified Commonwealth Fiscal Plan available. Refer to **Chapter 7: Advances to Municipalities** for CRIM’s proposed process to administer the Extraordinary Fund to annual subsidize waste and sanitation services for the municipalities.

Chapter 6: Other Revenues

In addition to property taxes, CRIM records other *de minimis* operating revenues, including:

- Service charges to banks;
- Sales and certifications of maps. CRIM offers a variety of mapping products available to the taxpayer or agencies at a set cost; and
- Interest and miscellaneous income.

Article 7.017 of the Municipal Code states that *Hacienda* must transfer 2% of the collections from Act 22-2000 fines and infractions to CRIM; however, *Hacienda* collects and sends these funds directly to the municipalities. According to the CRIM management team, this represents a *de minimis* amount of funds.

Part III. Uses of Funds

In addition to overseeing the collection of property taxes from individuals and businesses, CRIM manages the redistribution of such funds in three major categories: (1) advances to the municipalities; (2) transfers of the State Redemption Fund Tax to the Central Government;¹⁸ and (3) transfers of the CAE Tax to the trustee to pay the municipal CAE debt service. To support CRIM's operating expenses, CRIM retains 5% of the total basic municipal tax ("CRIM Admin Fee"). **Exhibit 26** presents the uses of funds in greater detail.

¹⁸ The taxes deposited in the State Redemption Fund have been used in the past for General Obligation ("GO") Bond debt service. Some holders of GO bond claims and Commonwealth-guaranteed bond claims have asserted that their bonds are secured by the 1.03% tax on real and personal property collected in the State Redemption Fund. The Commonwealth and the Oversight Board disagree with that position and assert the GO bonds and Commonwealth-guaranteed bonds are unsecured obligations of the Commonwealth. Nevertheless, since money is fungible, the POA provides the 1.03% tax on real and personal property collected in the State Redemption Fund would be used to pay GO bond claims recovery.

Exhibit 26: Uses of Funds Overview

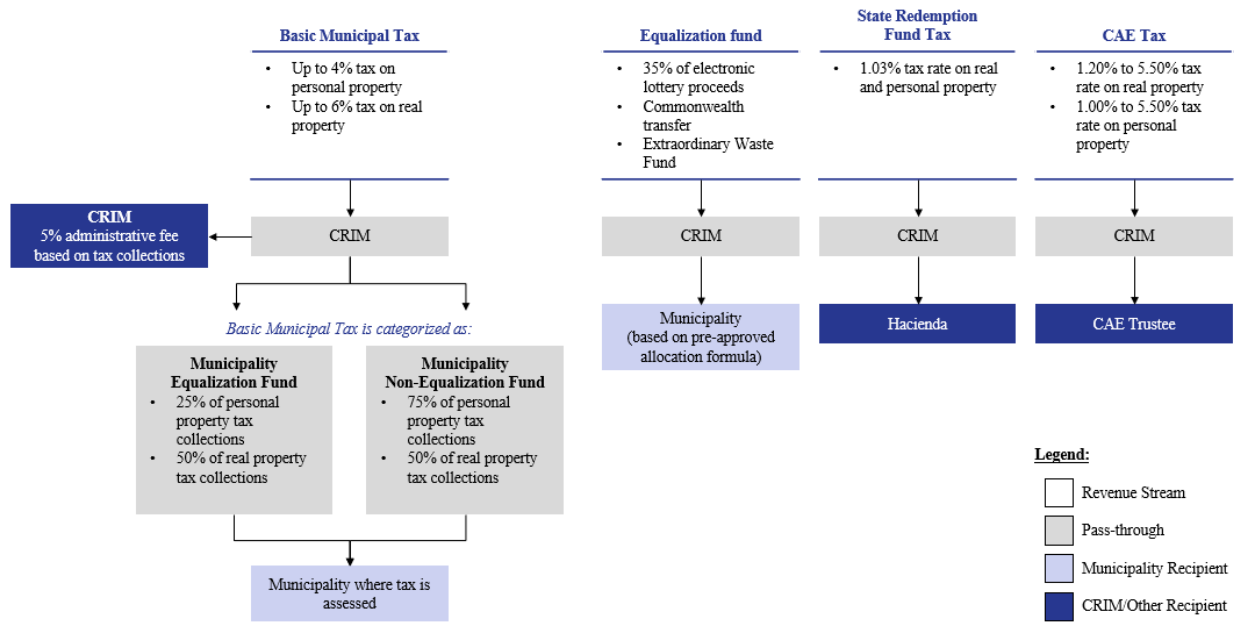
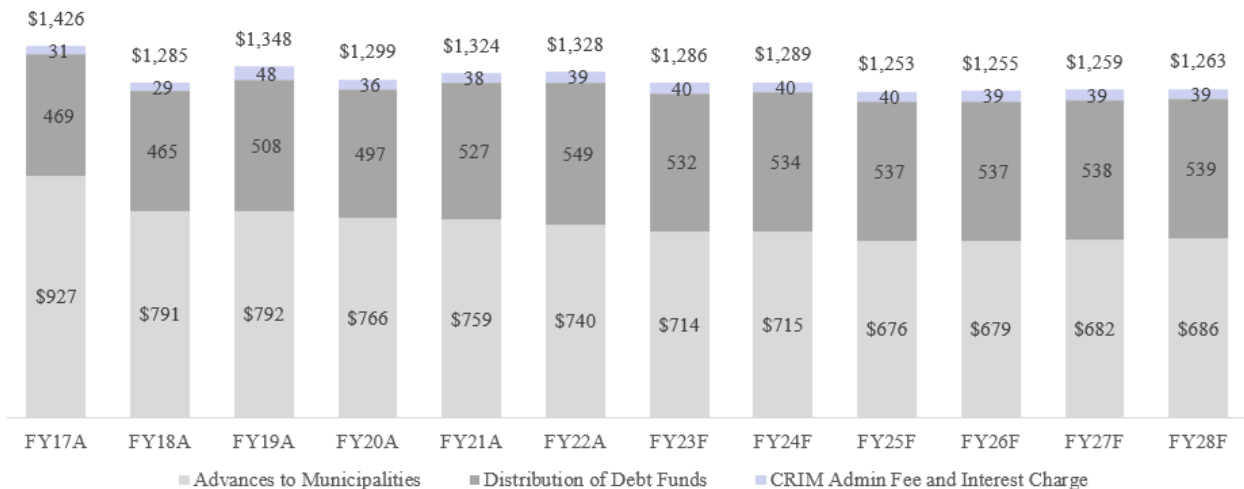


Exhibit 27 below presents CRIM’s historical and projected uses of funds.

Exhibit 27: Historical and Projected Uses of Funds

(Dollars in millions)



Chapter 7. Advances to Municipalities

The municipalities are funded by the Basic Municipal Tax and the Equalization Fund, as shown in Exhibit 26 above. The distribution of these funds, shown in Exhibit 27 above as “Advances to Municipalities,” totaled \$740 million in FY2022, a decrease of \$19 million or 2.5% from FY2021 as a result of the Commonwealth transfer reduction for FY2022. Appendix 13 provides the advances by municipality for FY2024, including the allocations of the Equalization Fund and the Extraordinary Fund. Similarly, Appendix 14 projects the advances to the municipalities for FY2025 to FY2028.

7.1. Basic Municipal Tax

The municipalities are funded by the Basic Municipal Tax consisting of up to 6% tax on real property and up to 4% tax on the personal property pursuant to the Municipal Code, as amended. While the Basic Municipal Tax is divided into the Municipal Non-Equalization Fund and the Municipal Equalization Fund, as shown in the flow chart in **Exhibit 26**, all collections are currently remitted to the municipality where the tax is assessed. This distinction is used internally by CRIM to allocate the Equalization Fund across all of the municipalities.

- The Municipal Non-Equalization Fund distributes the basic non-exempt portion, consisting of approximately 75% of personal property tax collections and approximately 50% of real property tax collections, directly to the respective municipality that assessed the property taxes.
- The Municipal Equalization Fund distributes the remaining 25% of personal property tax collections and 50% of real property tax collections to the respective municipality that assessed the property taxes.

7.2. Equalization Fund

Because of substantial disparities in each municipality's capacity to raise revenue, the Commonwealth created an Equalization Fund (established by Article 15 of Act 80-1991 and incorporated in Article 7.015 of the Municipal Code provisions) to provide additional funds to the municipalities with insufficient tax base to ensure a comparable level of municipal funding year-over-year. For FY2024, the Equalization Fund is projected to be approximately 5% of total municipal general fund budgets – collected from property taxes – and ranges from 42% of the total general fund budget for Comerío to 0% for other municipalities (mostly for the large municipalities including San Juan, who do not receive any such funding). Note that these estimates do not include the Extraordinary Fund, which sits within the Equalization Fund, but is distributed pursuant to a separate formula. Additionally, spending levels vary significantly across the municipalities, all of which provide key services to their citizens. See **Appendix 15** for more detail.

The purpose of the Equalization Fund is to ensure that the municipalities are subsidized with annual remittances proportional to the remittances they received in FY2017, which is used as the base year per Article 7.019 of the Municipal Code. The base year remittances are calculated as the Municipal Equalization Fund collections (approximately 25% of personal property tax collections and approximately 50% of real property tax collections) for FY2017. These collections amounted to approximately \$242 million, plus the Commonwealth transfer and Electronic Lottery proceeds, which together totaled \$274 million in FY2017. As such, the base level used for equalization purposes is \$516 million.

The equalization deficiency is calculated as the FY2017 base year remittances minus current year Municipal Equalization Fund collections. For FY2024, Municipal Equalization Fund collections are projected to be approximately \$249 million, which leaves an equalization deficiency of approximately \$267 million.

If the Equalization Fund in any given year is not enough to fully equalize the municipalities to the FY2017 base level, Article 7.019 of the Municipal Code allows CRIM's Governing Board to establish objective criteria, as the circumstances may merit each year, to allocate the funds. Article 7.019(b) of the Municipal Code provides a list of criteria that CRIM's Governing Board may use

as guidelines to establish the formula, such as population. However, CRIM’s Governing Board is ultimately granted the discretion to establish any other objective criteria it deems necessary to maintain proportionality in the distribution of the Equalization Fund.

The Fiscal Plan allocates the Equalization Fund, which totals \$97.1 million for FY2024, in proportion to this deficiency. For example, if a municipality has 10% of the total equalization deficiency, that municipality would receive 10% of the Equalization Fund. However, if a municipality does not have a deficiency, meaning its current year Municipal Equalization Fund collections are greater than the base year remittances, that municipality would not receive an allocation from the Equalization Fund.

Any changes to the Equalization Fund distribution formula must be agreed upon by the Oversight Board in accordance with its policy on the review of rules, regulations, and orders.

To ensure the fiscal targets in this Fiscal Plan are met, the Commonwealth Transfer must be phased out by FY2025, as shown in **Exhibit 25**, and only the Electronic Lottery and the Extraordinary Fund proceeds will remain in the Equalization Fund. As part of the measures described in this Fiscal Plan, CRIM must continue to work with the municipalities to increase tax collections, which will provide additional funds to help offset the reduction in the Equalization Fund. Nevertheless, the increase in property tax collections will not be shared equally among the municipalities, as the small number of municipalities with the greatest number of properties will most likely be the ones that benefit the most. This means that many municipalities, especially those with a small tax base that have historically depended on the Equalization Fund for a large proportion of their operating revenues, may not be able to achieve comparable collections to the base year even after accounting for the impact of the measures and the allocation of the Electronic Lottery proceeds.

To ensure that the smaller municipalities also benefit from these measures, CRIM plans to work closely with the municipalities, AAFAF, and the Oversight Board to investigate a funding strategy where the municipalities with a greater number of properties would contribute a portion of their collections to a true “equalization fund” aimed at addressing the disparity in the municipalities’ funding. These proceeds would then be disbursed to the smaller municipalities to ensure essential services are adequately funded. Any funding strategy must be agreed to by CRIM, AAFAF, and all of the municipalities and must further be approved by the Oversight Board before the strategy may be implemented.

7.3. Extraordinary Fund for Waste

As described in **Chapter 5.4: Extraordinary Fund for Waste** per Act 53-2001, this specialty sub-fund of the Equalization Fund was created as a way for the Government to allocate some of the savings created by the POA to municipalities. The Extraordinary Fund will be funded annually from 42% of the amount collected during the prior fiscal year on the 1.03% State Redemption Fund Tax component of the property tax to provide municipalities with additional funding for essential waste and sanitation services.

Act 53-2021 provides for the distribution in the following manner:

- (a) The total number of beneficiaries of the Nutritional Assistance Program, per capita, according to the certification to that effect issued by the Department of the Family, determined

according to the immediately preceding fiscal year or in the nearest fiscal year for which information is available.

(b) The functional budget per capita of each municipality, for the immediately preceding fiscal year or the nearest fiscal year for which information is available.

(c) The assessed value of the taxable property per capita located within the territorial limits of each municipality, for the immediately preceding fiscal year or to the nearest fiscal year for which information is available.

(d) The population of the municipality per square mile, according to the last decennial census.

For purposes of establishing a fair distribution, CRIM and its Governing Board agreed to incorporate all of the aforementioned criteria, each with a weight of 25%.

7.4. PayGo Enforcement

Municipalities are responsible for budgeting and paying their annual invoiced PayGo fee as determined by ERS. Therefore, per this Fiscal Plan and the certified Commonwealth Fiscal Plan, each municipality must pay newly accruing PayGo obligations immediately as they come due. If municipalities do not pay their PayGo obligations within 30 days from the date of the invoice, ERS must instruct CRIM to offset PayGo obligations from the municipality's monthly remittance and remit these funds directly to ERS, in accordance with Act No. 106 of August 23, 2017, as amended ("Act 106-2017"). Pursuant to Article 3.5(2)(a)(iii) of Act 106-2017, CRIM must "remit within seven (7) days after [receiving] the written notice, to the New Defined Contribution Plan and/or Accumulated Pension Benefits Payment Account, the amounts of the Contributions Owed by the Municipal employer, of the unencumbered balance of the property tax and other revenues the municipalities are entitled to receive in accordance with Act No. 80-1991."

Outstanding PayGo obligations for the period of FY2018 through FY2022, reported by AAFAF on the public PayGo 6(a) report as of February 2023, are shown in **Appendix 16**. For those municipalities that did not establish a payment plan with ERS for any past due balance, CRIM was required to withhold remittances to fully set off their past due obligations. Similarly, any payment plan for past due PayGo obligations in default for non-payment or non-compliance with the terms of the payment plan must be fully setoff from the monthly remittances.

All municipalities must fully pay their FY2023 PayGo obligations as they come due. Any outstanding FY2023 PayGo debt after the last billing from ERS will be automatically withheld by CRIM from the monthly remittances, as instructed by ERS. Municipalities cannot amend any existing payment plan or enter a new payment plan covering PayGo debt without the approval of the Oversight Board.

7.5. ASES Direct Remittance

CRIM is responsible for remitting the municipalities' payment to ASES, in accordance with Act No. 72 of September 7, 1993, as amended ("Act 72-1993"). CRIM must collect and remit these funds to ASES in accordance with this Fiscal Plan and the certified Commonwealth Fiscal Plan, no later than 30 days after they become due, to ensure that ASES is adequately funded. Consistent with the nullification of Act 29-2019, the certified Commonwealth Fiscal Plan assumes that

municipalities fund their respective annual health care obligations as required by law. The certified Commonwealth Fiscal Plan includes a temporary relief for municipal ASES contributions to reflect any additional funding made available by the Federal Government. Once these incremental funding streams expire, the certified Commonwealth Fiscal Plan assumes that the municipalities' contributions will return to the baseline statutory levels under Act 72-1993, which amount to approximately \$163.7 million.

The certified Commonwealth Fiscal Plan provides relief to municipalities for incremental simple FMAP funding above the base level of 55%. The formula to be used by ASES and approved during the Commonwealth budget certification must incorporate the FMAP relief by calculating the adjusted municipal obligation:

- $\text{Statutory ASES obligation} / ((1 - 55\% \text{ FMAP}) / (1 - \text{current Fiscal Year FMAP}))$

Congress has passed multiple bills that temporarily increase FMAP funding above the base level of 55%. Pursuant to the Families First Coronavirus Relief Act (“FFCRA”), the COVID-19 Public Health Emergency (“PHE”) shall provide an additional 6.2% FMAP relief that shall be in effect through the end of the calendar quarter in which the PHE expires. The Consolidated Appropriations Act of 2023 extended the PHE through March 31, 2023 and included a gradual ramp-down period for the 6.2% FMAP relief, declining to 5% through June 30, 2023, 2.5% through September 30, 2023, and 1.5% through December 31, 2023.

Furthermore, on March 15, 2022, the U.S. Congress enacted the Consolidated Appropriations Act of 2022, which retroactively increased the FMAP to 76% from January 1, 2022 through December 13, 2022. For some municipalities, this retroactive change reduced their total adjusted ASES contribution below their year-to-date payments to ASES, resulting in a credit balance for FY2022. The Consolidated Appropriations Act of 2023, enacted on December 29, 2022, further extended the 76% FMAP through Federal FY 2027 (ending September 30, 2027).

As a result of these various temporary increases to the FMAP, the average FMAP for FY2023 is 81.9%. This provides relief of \$97.8 million to municipalities, resulting in a FY2023 municipal contribution of \$65.8 million.

If additional federal or Commonwealth legislation is passed that changes the baseline FMAP level, ASES shall notify the municipalities and CRIM of any corresponding adjustments to their monthly invoices and provide a reconciliation at that time to CRIM for the adjusted amounts versus the actual collections. **Appendix 18** details the municipal ASES obligations for FY2023.

7.6. Statutory and Contractual Debts Paid on Behalf of Municipalities

CRIM pays certain statutory and contractual debts on behalf of the municipalities, which are recognized as an expense by the municipalities. Statutory debts include, but are not limited to, the CRIM Administrative Fee, a 5% fee on all basic tax collections that CRIM charges the municipalities to fund its operations, and the Government Development Bank (“GDB”) lines of credit.

7.6.1 GDB Loans and DRA Restructuring

GDB granted two loans to CRIM totaling \$271.5 million in principal: (i) a loan of June 28, 2001 (“2001 CRIM Loan”), pursuant to Act No. 42-2000, as amended; and (ii) a loan of March 18, 2002 (“2002 CRIM Loan”), pursuant to Act No. 146-2001, as amended.

The 2001 CRIM Loan amounted to \$166.5 million. This loan was used to cover advances CRIM made to certain municipalities based on projected tax collections that later proved to be greater than the actual tax collections. The 2002 CRIM Loan amounted to \$105.0 million and was used to repurchase the tax liens sold to Puerto Rico Public Finance Corporation on June 30, 1998

As part of the POA, CRIM was required to negotiate with DRA to settle the loans. As part of the negotiations, CRIM proposed to repay the 2001 and 2002 CRIM Loan through the proceeds of the CRIM tax amnesty program launched on November 5, 2021, which was created to collect past due property tax account receivables. At the closing of the tax amnesty program, CRIM was able to collect \$217 million, of which \$125 million in Basic Tax Collections was made available to the municipalities to repay their 2001 and 2002 CRIM Loan Outstanding Balances. As the agreed-upon discounted payoffs to be made from the Basic Tax Collections were based on CRIM collection projections, CRIM paid a total amount of \$42.8 million in principal and interest for the 2001 CRIM Loan. CRIM further agreed to pay a 5-year note payable in the amount of \$31.6¹⁹ million while also obtaining a debt forgiveness in the amount of \$37 million, or 33% of outstanding amounts. More importantly, the municipalities that were able to comply with the agreed upon discounted payoffs received a total of \$56.5 million in aggregate, net of debt payments.

As of September 30, 2022, the 2002 CRIM Loan was paid in full. With regard to the 2001 CRIM Loan, all but the previously described 5-year note payable remains outstanding and is being paid on a timely basis. Since the closing of the CRIM Loan restructuring, the municipalities with remaining debt fully complied with their initial debt service payment, due in January 1, 2023, and fully expect to comply with future debt service payments, as CRIM is withholding necessary amounts from monthly remittances to ensure their compliance.

7.6.2 Municipal Operating Loans and Intergovernmental Payment Plans

CRIM also pays other operating loans that the municipalities have with commercial banks or other financial institutions on behalf of the municipalities. AAFAF informs CRIM of the amount that it must retain from the monthly municipal remittances to repay these operating loans.

In addition, CRIM withholds from the monthly municipal remittances any debt resulting from over-advances of property taxes in previous fiscal years as certified in the year-end reconciliation process. The debt is collected on a two-year delay, which means that in FY2023, CRIM will collect any debt resulting from over-advancements during FY2021.

Similarly, CRIM also pays some contractual debt that the municipalities have with private or public entities, including waste management services, municipal insurance policies, and amounts due to other governmental entities under payment plans subscribed by the municipalities such as the Retirement System for Employees of the Government of Puerto Rico (“ERS”), the Puerto Rico Aqueduct and Sewer Authority (“PRASA”), and the Puerto Rico Electric Power Authority (“PREPA”). These contractual debts are also recognized as an expense by the municipalities and paid by CRIM on their behalf. **Appendix 13** presents the schedule of withholdings by municipality

¹⁹ \$26.3 million of this 5-year note corresponds to outstanding amounts owed by the Municipality of Ponce.

for FY2024 scheduled intergovernmental payable payments paid by CRIM on behalf of the municipality from the proceeds of the monthly Basic Tax remittance.

The remaining funds, net of statutory and contractual debt, are advanced to the municipalities, which are used to fund other municipal operations.

7.6.3 Act 29-2019 Nullification

The Puerto Rico Legislature passed Act No. 29 of May 17, 2019 (“Act 29-2019”), which transferred the primary obligation of municipal pension pay-as-you-go (“PayGo”) and Health Insurance Administration (“ASES” for its Spanish acronym) payments from the municipalities to the Commonwealth. Through FY2020, CRIM operated under Law 29-2019 mandate despite the Oversight Board’s directive to the contrary.

On April 15, 2020, the Title III court declared Act 29-2019 null because it violated various provisions of PROMESA. As a result, the municipalities were required to reimburse the Commonwealth for funds received under Act 29-2019 and to cover their own employees’ health care and PayGo costs going forward. Specifically, for FY2020, the municipalities were obligated to repay to the Commonwealth \$165.7 million in PayGo expenses and \$31.6 million in health care costs.

As of March 2022, the full amount of the Act 29-2019 debt had been paid off by the municipalities.

7.7 Mid-Year and Year-end Liquidation

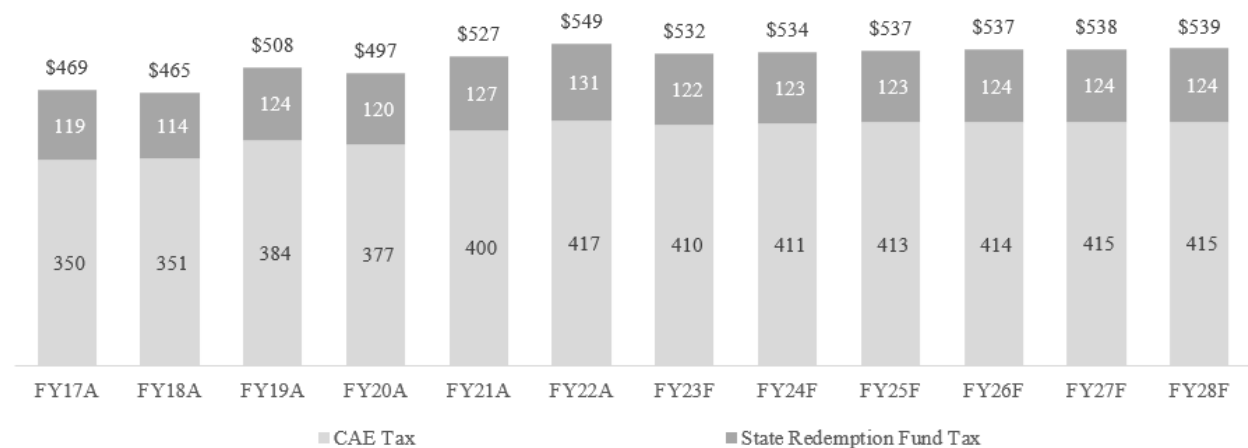
CRIM completes a year-end reconciliation process after the end of each fiscal year to reconcile property tax advances to the municipalities, which are based on projections, with actual tax collections. To the extent a municipality has higher collections than what has been advanced, CRIM transfers the excess amount to the corresponding municipality. On the other hand, if collections are lower than what has been advanced, municipalities would have an account payable to CRIM repayable from property tax advances from the subsequent fiscal year. Per the Municipal Code, the year-end liquidation must be completed before December 31 of the next fiscal year, meaning within six (6) months of the end of the fiscal year. The advances to the municipalities for FY2024 do not include the projected incremental tax collection from the implementation of measures. Any incremental revenue will be distributed to the municipalities as part of the year-end liquidation. However, to the extent that the milestones in this fiscal plan are achieved early, and collections are coming in higher than anticipated, CRIM may consider utilizing mid-year liquidations to reconcile collections and Electronic Lottery proceeds at the beginning of the third quarter of the fiscal year. Conversely, if collections are coming in lower than anticipated, CRIM may also consider adjusting remittances. Before this mid-year liquidation, CRIM must analyze the property tax collections for the first half of the year to identify which municipalities have collected more than originally projected. For those municipalities that have a variance greater than 10%, CRIM may remit up to 80% of the incremental year-to-date collections as part of the mid-year liquidation. The mid-year liquidation analysis must be reviewed and approved by the Oversight Board before CRIM may remit the funds.

Chapter 8. Other Transfers

Along with the Basic Municipal Contributions, CRIM collects taxes related to CAE and the State Redemption Fund, which are transferred to the CAE trustee and *Hacienda*, respectively.

Exhibit 28: Historical and Projected Transfers to Debt Funds

(Dollars in millions)



8.1. Special Additional Tax (“CAE tax”)

CRIM collects CAE tax, which, as provided by Article 7.284 of the Municipal Code, may be imposed by a municipality without limitation as to rate or amount on all taxable real and personal property. Under Article 7.284 of the Municipal Code, each municipality is required to levy the CAE tax rate in such amounts as required to pay all of its outstanding CAE Loans. CAE tax rates vary between 1.0% and 5.5% on personal property and 1.2% to 5.5% on real property. In 56 out of the 78 municipalities, the CAE tax rate is the same for real and personal property. In 18 jurisdictions, the CAE tax rate is lower on personal property than on real property. In the remaining four (4) municipalities, the CAE tax rate is higher on personal property than on real property.

CAE tax collections are required by law to be deposited in the CAE Redemption Fund and used to pay CAE Loans. To the extent a municipality’s funds in the CAE Redemption Fund exceed the amount needed to cover 12 months debt service on CAE Loans, as determined by AAFAF, the Municipal Code requires the disbursement of such excess to the municipality, after the payment of any statutory debts of the municipality, including debts with CRIM or any government entity or public corporation. Such excess is generally referred to as “Excess CAE.”

AAFAF requires the municipalities to obtain certifications demonstrating that they have no outstanding obligations with other government agencies; however, AAFAF allows municipalities to enter into payment plans with other government agencies for past due amounts in order to qualify for the Excess CAE. If municipalities have outstanding obligations (i.e., PayGo, PRASA, *Hacienda*), the Excess CAE tax must be used to repay these obligations. To the extent municipalities have outstanding obligations with different agencies and the excess CAE tax is not enough to repay them in full, the municipalities must inform CRIM which obligation(s) to pay with these funds. However, this Fiscal Plan requires that, at all times any past due PayGo and ASES debt must be prioritized. Municipalities will not receive any excess CAE tax until all PayGo

and ASES debts are paid in full, all other outstanding statutory obligations are paid, and all payment plans are in good standing (i.e., payments are up-to-date).

As shown in **Exhibit 28** above, transfers from the municipalities to the CAE trustee are projected to be \$411 million in FY2024.

8.2. State Redemption Fund Tax

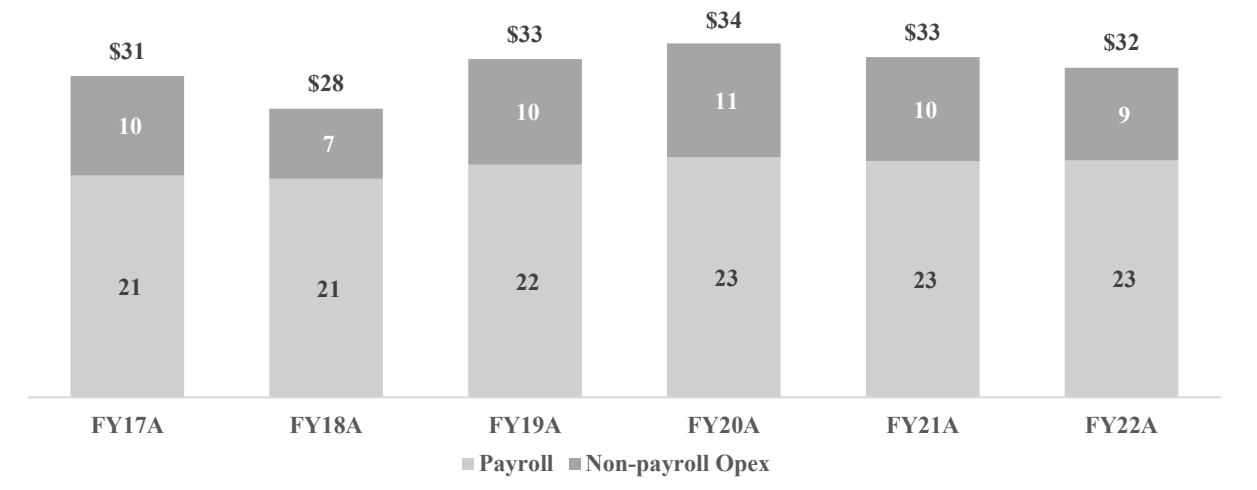
Per Article 7.026 of the Municipal Code, CRIM collects the State Redemption Fund Tax on behalf of the Central Government along with the other property taxes. The State Redemption Fund holds a 1.03% tax that is instituted on both real and personal property. After collection by CRIM, the funds are then transferred to *Hacienda*.²⁰ As shown in **Exhibit 28** above, this amount is projected to be \$123 million in FY2024.

Chapter 9. CRIM Operating Expenses

CRIM’s operations are funded from the CRIM Admin Fee and other operating revenues, including sales and certification of maps, service charges to banks, interest, and other miscellaneous income. Historically, as reported in the audited financial statements, CRIM’s annual operating expenses typically range from \$28 million to \$34 million. In FY2022, salaries and fringe benefits represent approximately 70% of total operating expenses. Other non-payroll operating expenses consist primarily of rent, professional and consulting services, utilities, and repairs and maintenance, as represented in **Exhibit 29**. Note that CRIM does not have any outstanding debt, nor does it have a separate capital expenditure budget.

Exhibit 29: CRIM Historical Operating Expenses

(Dollars in millions)



²⁰ The revenues generated by the 1.03% tax on real and personal property is currently being used to pay the new GO bonds issued pursuant to the Commonwealth Plan of Adjustment.

Chapter 10. CRIM Flow of Funds

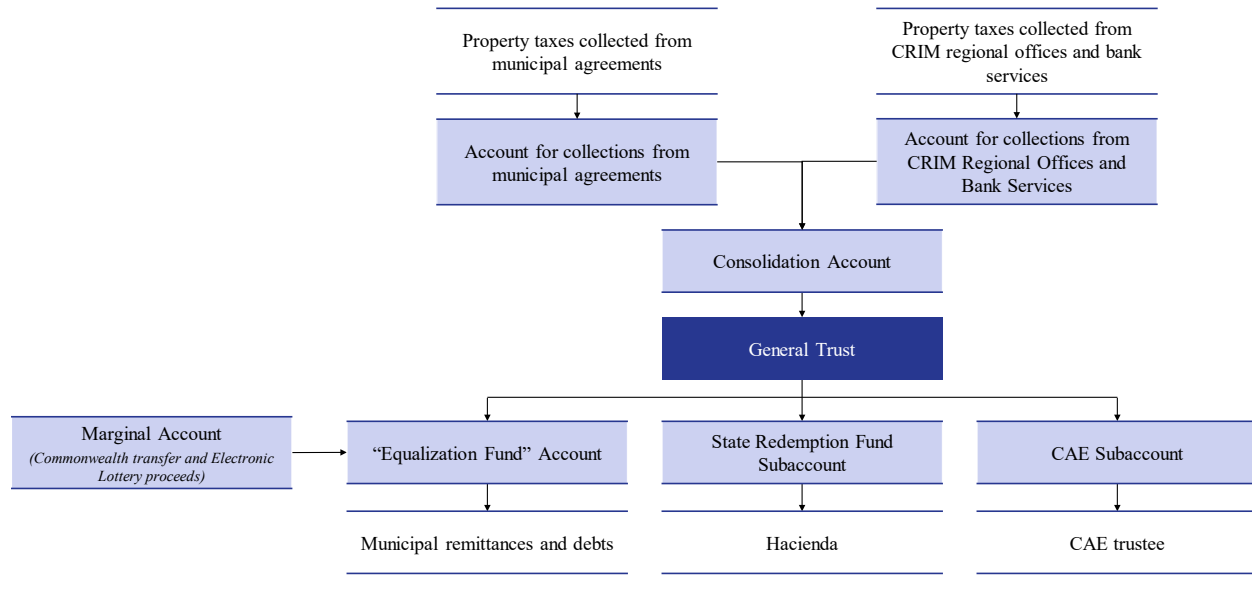
Property taxes are collected by (a) bank services, (b) CRIM's central and regional offices, and (c) municipalities that have collaborative agreements with CRIM. Property taxes may be collected via standard collection efforts, or via other methods such as foreclosures. Bank services include payments made through the online portal, wire transfers, or call center, as well as other payments made by financial institutions on behalf of the taxpayer.

These tax collections are deposited in two bank accounts at a local banking institution, depending on how the taxes were collected. Taxes collected by the municipalities that have collaborative agreements with CRIM are deposited into one account, while all other collections, including taxes collected from bank services and CRIM's central and regional offices, are deposited in the second account. The bank consolidates the funds from the two accounts in an intermediary pass-through account and transfers the full amount to a General Trust account. The General Trust account is an account under the trust established by AAFAF, as trustee, and CRIM, as settlor, pursuant to the terms of Deed No. 58 of Amendment and Restatement of Trust executed on November 29, 2018.

The General Trust account holds revenues from the CAE tax, the State Redemption Fund tax, and basic tax collection. Before the beginning of the fiscal year, CRIM (as settlor) and AAFAF (as trustee of the General Fund) inform the bank (as the custodian of the account) how the funds will be distributed (i.e., 53% basic tax, 11% State Redemption tax, 36% CAE tax). The bank then distributes the funds into the corresponding account according to the calculated distribution percentages. CAE tax collections are deposited into the CAE tax subaccount at the end of the month, and State Redemption taxes are deposited into the State Redemption Fund subaccount on a quarterly basis pursuant to the Commonwealth POA. CRIM must deposit the State Redemption taxes into the corresponding sub-account no less than once per quarter to comply with the Title III Court. As per the Deed of Trust, CRIM requires trustee authorization for any transaction of funds in the Trust, which ensures that tax collections are not diverted from their original statutory use.

Basic tax collections are transferred from the General Trust account to the "Equalization Fund" account daily. CRIM completes a year-end reconciliation to ensure that each fund receives its corresponding amounts based on actual property tax collections. The Equalization Fund account also receives funds from *Hacienda* from its Marginal Account, including the Commonwealth transfer, the Electronic Lottery proceeds, and beginning in FY2023 the Act 53-2021 Extraordinary Fund. **Exhibit 30** illustrates the current flow of funds.

Exhibit 30: Flow of Funds Overview



Historically, CRIM has experienced issues with the municipalities not depositing their property tax payments promptly. For example, some municipalities wait until they have accumulated a number of payments before making their deposit. To ensure that all property tax payments are deposited promptly, CRIM must establish a policy with the municipalities detailing a clear timeline of when the municipalities must deposit all property tax collections. The policy must require that the deposit of any property tax collection by the municipalities be made no later than five (5) business days after its receipt. This policy must also detail all the information and data that the municipalities must submit to CRIM for corroboration and payment validation. CRIM must follow-up with the municipalities and implement this policy by no later than the beginning of FY2024. CRIM indicated that the Municipalities often send incomplete or incorrect cadaster numbers to CRIM when submitting payment information. As a result, CRIM may not be able to post the payment promptly as it must conduct additional due diligence to validate to which property the payment belongs. To help solve this issue, during FY2022 and FY2023, CRIM established access for the Municipalities to the CRIM 360 billing system and has continually provided technical support to Municipalities. For those municipalities that are collecting property taxes on behalf of CRIM, they must continue utilizing the CRIM 360 portal to validate cadaster numbers virtually before accepting any payments. This will also help improve the accuracy of the data being submitted by the Municipalities.

In addition to the accounts described above, CRIM also has 13 other active bank accounts used to collect operating revenues, pay for operating expenses (including payroll), and pay debts on behalf of the Municipalities. To increase transparency, CRIM must provide the Oversight Board with quarterly reports on all its bank accounts' balances. CRIM must notify the Oversight Board of any account closings or openings and provide all the necessary documentation relating to restrictions on that new account, if any, and the sources and uses of funds.

Part IV. Fiscal Plan Baseline Forecast

Chapter 11. Methodologies and Assumptions

Generally, property taxes are not significantly correlated with the underlying economic trends of the Commonwealth.

For FY2024, CRIM is projecting \$1,141 million in total property tax collections, a figure calculated by taking a three-year average of both real and personal property tax collections, along with certain adjustments. This amount includes current-year collections of \$566 million for real property and \$41 million for personal property, along with prior-year collections of \$128 million and \$32 million, respectively. The projected prior-year real property tax collections further include a downward 5% adjustment to reflect the success of the Tax Relief Program in FY2022 and the corresponding lower amount of remaining collectable A/R. For the remainder of the forecasted period (through FY2028), both real and personal property tax collections are projected using the same three-year average methodology.

In FY2023, CRIM reached a settlement with a large taxpayer over disputed tax billings dating back to FY2020. The taxpayer had disputed approximately \$50 million in annual billings and ultimately reached a settlement for a reduced amount. CRIM's property tax revenue projections include adjustments for the reductions in tax billings and projected tax credits resulting from the settlement.

Additional assumptions relied upon in the Fiscal Plan are further detailed in **Exhibits 31 and 32**, and the resulting forecasts are presented in **Exhibits 33 and 34**. The Fiscal Plan targets include measures that are incremental to these baseline projections. These measures are further discussed in **Part V: Measures**.

Exhibit 31: Detailed Assumptions Excluding CRIM Operating Revenues

| Line Item | Assumption |
|-------------------------------------|---|
| Sources | |
| Central Government Transfers | <ul style="list-style-type: none"> Commonwealth transfer – base of \$220 million per year declining in line with certified Commonwealth Fiscal Plan reduction of municipal subsidy, phased out by FY2025 Electronic Lottery - \$53 million in FY2024, grown annually at nominal GNP growth rate Act 53-2021 Extraordinary Fund - appropriated by the CW based on 42% of the prior year’s collection of 1.03% taxes |
| Uses | |
| Advances to Municipalities | <ul style="list-style-type: none"> Residual revenues once all other expenses have been disbursed |
| State Redemption Fund | <ul style="list-style-type: none"> Pass through portion of property tax collections based on State Redemption Fund tax rate |
| CAE Fund | <ul style="list-style-type: none"> Pass through portion of property tax collections based on CAE tax rate |
| Net Interest Expense | <ul style="list-style-type: none"> Forecasted at \$6 million per year based on a historical run rate. CRIM pays interest on behalf of the municipalities |
| Adjustments | <ul style="list-style-type: none"> No adjustments are currently being considered. |
| CRIM Property Tax Admin Fee | <ul style="list-style-type: none"> 5% of basic municipal contributions |

Exhibit 32: CRIM Operating Revenues Detailed Assumptions

| Line Item | Assumption |
|--|--|
| Inflows | |
| CRIM Property Tax Admin Fee | <ul style="list-style-type: none"> 5% of basic municipal contributions |
| Sales of Certifications and Maps | <ul style="list-style-type: none"> FY2024 projection is based on historical run rate, grown annually at nominal GNP growth rate |
| Service Charges to Banks | <ul style="list-style-type: none"> FY2024 projection is based on historical run rate, grown annually at nominal GNP growth rate |
| Interest and Miscellaneous Income | <ul style="list-style-type: none"> FY2024 projection is based on historical run rate, grown annually at nominal GNP growth rate |
| Rental Income | <ul style="list-style-type: none"> Based on actual existing contracts |
| Federal Grants | <ul style="list-style-type: none"> No federal grants are assumed during the forecast period |

Exhibit 33: Baseline Forecast Excluding CRIM Operations

(\$ in thousands)

| | Forecast | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
| Revenues: | | | | | | |
| Real Property Taxes | 687 | 692 | 697 | 698 | 699 | 701 |
| Personal Property Taxes | 449 | 449 | 451 | 451 | 452 | 453 |
| Central Government Transfers | 150 | 149 | 105 | 106 | 108 | 110 |
| Total Revenues | \$1,286 | \$1,289 | \$1,253 | \$1,255 | \$1,259 | \$1,263 |
| Expenses: | | | | | | |
| Advances to Municipalities | (714) | (715) | (676) | (679) | (682) | (685) |
| State Redemption Fund | (122) | (123) | (123) | (123) | (124) | (124) |
| CAE Fund | (410) | (411) | (413) | (414) | (415) | (415) |
| Net Interest Expense | (6) | (6) | (6) | (6) | (6) | (6) |
| Adjustments | (4) | (4) | (4) | (2) | (2) | (2) |
| CRIM Property Taxes Administrative Fees | (30) | (30) | (31) | (31) | (31) | (31) |
| Total Expenses | (\$1,286) | (\$1,289) | (\$1,253) | (\$1,255) | (\$1,259) | (\$1,263) |

Exhibit 34: Baseline CRIM Operations Forecast

(\$ in thousands)

| | Forecast | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
| Operating Revenues: | | | | | |
| Property taxes administrative fees | 30,365 | 30,890 | 30,812 | 30,817 | 30,841 |
| Sales of certifications and maps | 857 | 857 | 857 | 857 | 857 |
| Service charges to banks | 1,417 | 1,488 | 1,562 | 1,640 | 1,722 |
| Interest and miscellaneous income | 150 | 125 | 125 | 150 | 150 |
| Rental Income | 221 | 221 | 221 | 221 | 221 |
| Federal Grants | - | - | - | - | - |
| Total Revenues | \$33,010 | \$33,581 | \$33,577 | \$33,686 | \$33,792 |
| Operating Expenses: | | | | | |
| Regular salary | (14,630) | (14,631) | (14,632) | (14,633) | (14,634) |
| Additional personnel salary | (32) | (33) | (34) | (35) | (36) |
| PayGo | (4,930) | (4,931) | (4,932) | (4,933) | (4,934) |
| Healthcare contribution | (1,251) | (1,252) | (1,253) | (1,254) | (1,255) |
| Other employer contribution | (1,659) | (1,660) | (1,661) | (1,662) | (1,663) |
| Christmas bonus | (256) | (257) | (258) | (259) | (260) |
| Non-payroll operating expenses | (10,252) | (10,816) | (10,806) | (10,908) | (11,008) |
| Total Expenses | (\$33,010) | (\$33,581) | (\$33,577) | (\$33,686) | (\$33,792) |

Part V. Measures

CRIM plays a critical role in helping the Municipalities maximize the revenues from their property tax base while simultaneously operating under a fair and equitable tax system. Therefore, CRIM must continue to take steps to ensure this balance is achieved in Puerto Rico. To do so, CRIM must, for example: (1) update and maintain an accurate property registry, (2) enhance its technology systems so it can efficiently process payments, (3) improve tax compliance through active outreach, more efficient call center operations, and increased enforcement measures. As with prior Fiscal Plans, the measures detailed below are instrumental to ensuring that the Municipalities have a solid foundation to promote fiscal responsibility, sustainability and economic development so the municipalities can have access to the capital markets. The adoption and successful implementation of these measures, summarized in **Exhibit 35** will provide

additional, much needed funding above the baseline forecast in this Fiscal Plan and used in FY2024 municipal budgets.

Exhibit 35: Fiscal Plan Measures Forecast

(Dollars in millions)

| | Forecast | | | | | | |
|---|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| | FY2022A | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
| Measures: | | | | | | | |
| Self-collection of A/R* | 217 | - | - | - | - | - | - |
| Incorrect mailing addresses | - | 46 | 76 | 76 | 76 | 76 | 76 |
| Properties new to the tax rolls | - | - | 23 | 45 | 90 | 90 | 90 |
| Current year real property tax collection rates | - | 18 | 35 | 53 | 70 | 70 | 70 |
| Home improvements new to the tax rolls | - | - | 12 | 36 | 48 | 48 | 48 |
| Non-appraised properties | - | - | 3 | 5 | 5 | 5 | 5 |
| Swimming pools new to the tax rolls | - | - | 1 | 1 | 2 | 2 | 2 |
| Total Revenues | \$217 | \$63 | \$149 | \$216 | \$292 | \$292 | \$292 |

* Results as of April 2023

Chapter 12. CRIM Measures

As stated above, CRIM must take certain steps to ensure the municipalities collect sufficient property tax revenues to fund essential services. Most of the Fiscal Plan measures continue to account for a phase-in period to validate and process the virtually appraised properties and home improvements, as well as to confirm ownership and contact information before billing.

Due to the issues CRIM encountered with the implementation of multiple new ERP systems (described below in Chapter 12.10), the deadlines and milestones of the measures outlined in this Fiscal Plan have been extended. As explained further in Section 12.2, CRIM is actively working on remediation efforts to comply with new implementation deadlines set forth herein.

12.1. Accounts Receivable Portfolio

During FY2022, CRIM implemented the Tax Relief Program to self-collect a growing A/R portfolio of real property taxes. CRIM had previously taken steps over the years to monetize the portfolio through prior amnesty programs, most recently in 2014, and several unsuccessful attempts to market and sell the A/R portfolio to a third-party; however, acceptable transaction terms were never reached. The previous CRIM Fiscal Plans from 2020, 2021, and 2022 included milestones for CRIM to conduct a series of necessary data validations and obtain a third-party valuation to determine a suitable sale price and sale marketing plan while working to collect and monetize the past due taxpayer obligations.

CRIM must continue to actively pursue collections of its A/R portfolio during FY2024 through its implementation of the Default Management Office (“DMO”). During the first year of implementation, CRIM must collect valuable data on its remaining A/R portfolio and continue collecting “realizable” past due debt. If successful, CRIM will have collected past due debts at a greater recovery rate than it would have had if the portfolio sale materialized, as it did with the tax amnesty program.

CRIM believes that a large majority of the portfolio that may be deemed the “most realizable portion” has already been monetized through the tax amnesty program. For example, from total amounts collected \$190 million (or approximately 90% of the portfolio) are payments towards past due debt from FY2011 to FY2020. The remaining 10% represented debt accrued in or before FY2010. More importantly, from the collections from FY2011 to FY2020, 65% was attributable to debt from FY2017 to FY2020, the years which CRIM’s 5-year statutory lien was still in force.

However, if the DMO does not achieve its intended goals, CRIM must consider selling its A/R portfolio. CRIM must establish a standard monthly report to monitor the DMO's progress that details the of past-due property tax collections directly tied to the DMO's collection efforts. In July 2024, following a full-year of DMO operations, CRIM must evaluate the results of the DMO and consider whether a portfolio sale would be more efficient. Such analysis must be delivered to the Oversight Board no later than July 31, 2024, and will be used to help determine whether a portfolio sale should be pursued.

Please see Chapter 2 for additional DMO implementation details.

12.2 Measures Related to Implementation of SKALA II

Appraisal System

In October 2019, CRIM's replaced its original appraisal system with SKALA I, and CRIM began implementing its second phase ("SKALA II") during FY2022. This new appraisal system was intended to increase CRIM's operational efficiency by, for example, allowing for virtual appraisals that compare property's location with CRIM's database of geolocated data. Once fully integrated, this system will allow new appraisals to take a matter of hours, rather than days, without any need for field visits. Such a system will help reduce the backlog of appraisals, ensure new appraisals are completed promptly, and reduce CRIM's operating costs by cutting travel expenses (such as mileage reimbursements, meal allowance, parking, and toll charges).

Initially, in FY2023, CRIM sent out to taxpayers approximately 14,000 notices of virtual assessments. However, these virtual assessments were highly inaccurate and prompted concern and complaints from taxpayers. As such, CRIM's Governing Board regulated the process by requesting the Internal Audit Office audit all validations already performed about which taxpayers were notified.

An amendment to the Adjudicative Procedures Regulation was published in September 2022 with an effective date of November 14, 2022. The amendment added to the Adjudicative Procedures Regulation a new Article 9, which outlines and establishes the process of sending an initial notice, along with the processes available for taxpayers to object to the initial notice prior to the assessment being converted to a property tax levy and having a corresponding invoice issued.

The amended regulation establishes a period of 45 days, beginning from the receipt of the initial notice, for the taxpayer to file any claim the taxpayer may have regarding the information contained in the notice. In addition, the amended regulations list the documents the taxpayer will need to submit alongside the claim for it to be processed. Once clarified, an invoice will be issued. If CRIM does not receive any claim from the taxpayer after the 45-day period expires, the invoice will automatically become a collection invoice. However, if the taxpayer believes that the levy is not correct, the taxpayer may still challenge it, but would have to follow the procedures outlined in Act 107-2020, as amended.

The result of the Internal Audit on the validation processes found that approximately 56% of the validations performed were incorrect. As part of CRIM's efforts to address these errors, it established a work plan to develop an Internal Virtual Appraisal Procedure Manual, which would detail the steps to be followed by each appraiser to validate a virtual appraisal. This would ensure a uniform process and minimize the potential for errors during the validation process. The Internal

Audit Office and “CRIM al Día” were instructed to develop and implement the work plan to be adopted in order to continue with the virtual appraisal project.

As a result of the Internal Audit, the following was decided:

- CRIM must review and revise 41,401 validated cases using the virtual appraisal models M1, M2, and M3 (see **Exhibit 38**).
- CRIM must retrain the appraisers selected to carry out the validation process, using the newly drafted Internal Virtual Appraisal Procedure Manual. The final content of this manual is subject to input from the appraisers.
- The selected appraisers will work remotely, and the progress of their work will be reported to the CRIM Internal Audit Office daily.
- The same number of cases will be distributed to each of the appraisers assigned to the project and their performance will be monitored daily through a Digital Dashboard.
- The newly validated cases will be tested to determine their accuracy given the prior errors resulting from validations not being executed uniformly and did not contain lacking proper analysis.
- As explained in Exhibit 39, the properties identified using CRIM’s categorization system for properties are considered the simplest properties for appraisers to validate. There will be a for validations that the margin of error on virtual appraisals not exceed 5%. Once these classifications are completed, appraisers will begin to address more complex validations.
- Once a particular case has been validated, the corresponding initial notification will be issued containing all of the material information contained in the appraisal documentation. Taxpayers will be advised of the mechanisms and procedures to file a claim, if necessary.

With this new work plan, CRIM will ensure that initial notifications are issued correctly and that any potential errors are not created by CRIM and a potentially incorrect validation procedure. Indeed, any potential errors will not only be mitigated by this new procedure but have the opportunity to be corrected by taxpayers before any related invoices are to be issued. The validation process will be carried out strictly in accordance with the Internal Manual.

The following work schedule has been prepared:

Exhibit 36: Virtual Appraisal Validation and Notification Work Schedule

| | FY2023 | | | | FY2024 | | | |
|--|--------|----|------------|-----------|-------------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Appraiser Trainings | | | ● Complete | | | | | |
| Validation of initial 50% of 41,401 cases of virtual appraisals | | | | ● May 15 | | | | |
| Notifications sent to taxpayers for initial 50% of revalidated cases | | | | ● May 31 | | | | |
| Validation of second 50% of 41,401 cases of virtual appraisals | | | | ● June 31 | | | | |
| Notifications sent to taxpayers for second 50% of revalidated cases | | | | ● June 30 | | | | |
| Commence invoicing of initial 50% of revalidated cases | | | | | ● July 31 | | | |
| Commence invoicing of second 50% of revalidated cases | | | | | ● August 31 | | | |

The issues involving the SKALA II system also affected the completion of various additional measures described throughout this section, including: Incorrect Mailing Addresses (Section 12.3), Properties New to the Tax Roll (Section 12.4), Improving Real Property Tax Collection Rates (Section 12.5), Home Improvements New to the Tax Roll (Section 12.6), Non-Appraised Properties (Section 12.7), and Swimming Pools New to the Tax Roll (Section 12.8). The implementation of remedial measures has been delayed as a result of the required revalidations. Further, the tax base for these measures may ultimately be reduced, pending the results of the revalidation process.

12.3 Incorrect Mailing Addresses

CRIM has identified 197,782 incorrect mailing addresses in its billing system, as detailed in **Appendix 19**. Historically, the owners of the properties with incorrect mailing addresses have not been invoiced by CRIM and have not paid their property taxes. Therefore, it is imperative CRIM finish updating the mailing addresses in the billing system to ensure all property owners receive the invoices promptly and pay their fair share of taxes, which will improve compliance and increase property tax revenue. As shown in **Exhibit 37**, CRIM must invoice the cumulative 100% by May 31st, 2024.

Exhibit 371: Timeline for Incorrect Mailing Addresses

| | FY2023 | | | | FY2024 | | | |
|-------------------------|-------------|----|----|----|--------|------------|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Invoice cumulative 75% | ● Jan. 2023 | | | | | | | |
| Invoice cumulative 100% | | | | | | ● May 2024 | | |

Assuming an average 69% collection rate²¹ and based on each account’s location and the average net taxable value in each municipality, the agency estimates an increase in tax collections of approximately \$76 million a year once this measure is fully implemented. The estimated potential tax revenue is \$46 million for FY2023, increasing to the full \$76 million in FY2024 and each year thereafter, enabling the achievement of the fiscal targets in this Fiscal Plan and improving fiscal governance and accountability. CRIM must track the monthly billings and collections for this measure to ensure CRIM is achieving at least a 69% collection rate. To the extent the collection rate is lower than the projected 69%, CRIM must work closely with the municipalities to follow up with delinquent taxpayers.

In June 2020, CRIM signed an MOU with *Hacienda* to share real property information. The shared information has been used to verify and improve taxpayer address data. The information has also been integrated into CRIM’s data warehouse in order to provide more information for the properties in the cadastral inventory. CRIM and *Hacienda* must continue to work together to effectively share this information, as it will help ensure that the cadaster is updated to reflect any changes in real property ownership.

²¹ Average 69% collection rate assumed in these measures is based on FY2022 collection rates for each municipality.

July 2023

CRIM must also work with the municipalities to correct any incorrect mailing address or ownership information that cannot be corroborated through other government agencies' databases.

12.4. Properties New to the Tax Roll

Through the Planimetric Project, CRIM identified 239,525 new properties that were not registered in the tax rolls and were not being invoiced by CRIM. CRIM has identified six (6) unique scenarios for the properties new to tax rolls, as detailed in **Exhibit 38**.

Exhibit 38: Examples of Properties New to the Tax Rolls

| CRIM Category | Type | Appraised Land | Appraised Structure(s) |
|---------------|------------------------|----------------|------------------------|
| M1 | Land | No | - |
| M2 | Land and 1 Structure | No | No |
| M3 | Land and 1 Structure | Yes | No |
| M4 | Land and 1 Structure | No | Yes |
| M5 | Land and 2+ Structures | No | No |
| M6 | Land and 2+ Structures | Yes | No |

CRIM has virtually appraised all the new properties and has identified ownership and contact information for these properties by leveraging the data exchange efforts with other agencies. Based on the virtual appraisals, the total estimated annual revenue for this measure is \$90 million, assuming an estimated collection rate of 69%. **Appendix 19** identifies the estimated incremental annual tax collection by municipality. As noted above, the billing of these new properties will happen in phases which have been delayed due to data issues and resources impacting CRIM's ability to validate the virtually appraised values and confirm ownership and contact information before billing.

CRIM must remediate the SKALA II system issues during FY2024 in order to achieve the revised timeline included in this Fiscal Plan.

As shown in **Exhibit 39**, CRIM must invoice the initial 25% of new properties by August 2023, the cumulative 50% of new properties by February 2024, and the cumulative 75% of new properties by July 2024. CRIM must invoice a cumulative 100% of the new properties by May 2025, resulting in incremental tax collections of approximately \$90 million.

Exhibit 39: Timeline for New Properties

| | FY2024 | | | | FY2025 | | | | FY2026 | | | |
|-------------------------|---------------|----|-----------------|----|-------------|----|----|----|------------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Invoice initial 25% | ● August 2023 | | | | | | | | | | | |
| Invoice cumulative 50% | | | ● February 2024 | | | | | | | | | |
| Invoice cumulative 75% | | | | | ● July 2024 | | | | | | | |
| Invoice cumulative 100% | | | | | | | | | ● May 2025 | | | |

Collection of tax revenues from the owners of these newly identified properties will enable the achievement of the fiscal targets contained in this Fiscal Plan and improve fiscal governance by ensuring that all taxable properties are taxed. CRIM must track the monthly billings and collections for this measure to ensure at least a 69% collection rate is achieved. To the extent the collection rate is lower than the projected 69%, CRIM must work closely with municipalities to follow up with delinquent taxpayers.

CRIM has developed a standardized procedure and established a dedicated team to facilitate and expedite taxpayers' claims. CRIM must adequately deploy resources to expedite the resolution of taxpayers claims regarding appraised property values. There should be incremental costs associated with this measure as any claims will be processed by existing personnel.

The Municipal Code establishes the requirement to levy and collect real property taxes retroactively for five (5) years from the date the assessment is complete, which will provide additional incremental revenues to those forecasted in these measures. The Municipal Code did permit taxpayers to submit a self-appraisal completed by an authorized appraiser on or before June 30, 2021, with respect to existing property with no mortgagee. Going forward, taxpayers must submit a self-appraisal within six (6) months after either the acquisition of existing property or the new construction for self-appraised properties. This is intended to incentivize taxpayers to appraise their new properties and home improvements promptly.

12.5. Improving Real Property Tax Collection Rates

Historically, CRIM only collects approximately 69% of the current year's real property tax billings. By analyzing a set of comparable jurisdictions that experienced economic decline and/or financial distress, CRIM must target an improvement of 840 basis points (8.4%), the average of the noted five-year improvement in **Exhibit 40**.

Exhibit 40: Benchmark Current Year Collection Rate Improvement

| Jurisdiction | Collection Rates | | 5 Year Improvement |
|------------------------|------------------|---------------|--------------------|
| | Recent Minimum | 5 Years Later | |
| Detroit | 68.3% | 82.0% | 13.7% |
| Cleveland | 76.9% | 90.2% | 13.4% |
| St. Louis | 88.2% | 92.1% | 3.9% |
| Harrisburg | 83.5% | 85.9% | 2.5% |
| Toledo | 86.4% | 87.4% | 1.0% |
| Philadelphia | 79.5% | 93.5% | 14.0% |
| Washington D.C. | 83.7% | 98.5% | 14.8% |
| Flint | 65.4% | 69.2% | 3.8% |
| Average | 79.0% | 87.4% | 8.4% |
| Median | 81.5% | 88.8% | 8.6% |

If this benchmark is met, collection of current year real property tax billings will improve to approximately 77.2% by the end of the forecast period. This could result in a potential \$70.5 million increase in annual collections, as shown in **Exhibit 41**, enabling the achievement of the fiscal targets contained in this Fiscal Plan. However, it will take Puerto Rico several years to realize the full benefit of this measure. Therefore, the benefit was ramped into the projections with an estimated total incremental revenue of \$18 million in FY2023, \$35 million in FY2024, \$53 million in FY2025, and \$70 million in FY2026 and each year thereafter.

Exhibit 41: Targeted Puerto Rico Current Year Collection Rate Improvement

(Dollars in millions)

| Targeted Real Property Collection Rate Improvement | | |
|---|-----------|--------------|
| FY2022 Real Property Billings | \$ | 839.2 |
| FY2022 Real Property Current Year Collections | \$ | 577.2 |
| Collection Rate | | 68.8% |
| 5 Year Comparable Improvements | | 8.4% |
| Adjusted Collection Rate | | 77.1% |
| Adjusted Collections | \$ | 647.4 |
| Incremental Tax Collection | \$ | 70.2 |

Since FY2020, CRIM has been working on implementing various operational and technological initiatives to improve collection rates. The integration of the different systems will allow CRIM to have better visibility into delinquent taxpayers on a more real-time basis. CRIM must leverage its regional offices and the newly established DMO to follow up with taxpayers to ensure they are paying their fair share of taxes, as required by law. In addition, CRIM must work closely with the municipalities to enforce collections, including through embargoes and foreclosures.

CRIM has recognized the need to hire additional collectors to improve real property current year collections by 8.4%, as required by this Plan. The cost of additional staff is covered through reinvestment of the savings identified in the agency efficiency measures noted below.

12.6. Home Improvements New to the Tax Roll

Through the Planimetric Project, CRIM identified 517,824 properties that appear to have been substantially improved but do not have the value of these improvements reflected on the tax rolls. As of March 2021, CRIM has virtually appraised all the home improvements in the above-referenced properties. Based on the virtual appraisals, the total estimated annual revenue for this measure is \$48 million, assuming a 69% collection rate. **Appendix 19** identifies the estimated value by municipality. As noted above, the billing of these new home improvements will happen in phases to give CRIM enough time to validate the virtually appraised values prior to issuing invoices.

Due to the delay in implementing the ERP system, as further described in Chapter 12.10, CRIM did not meet the targets required by the 2022 CRIM Fiscal Plan. The timing of this measure has been revised to provide CRIM additional time to issue these invoices.

As shown in **Exhibit 42**, CRIM must invoice the initial 25% of new home improvements by August 2023, cumulative 50% by February 2024, cumulative 75% by July 2024 and cumulative 100% by May 2025. This Fiscal Plan projects incremental tax collections of approximately \$12 million in FY2024, \$36 million in FY2025, and \$48 million in FY2026 and each year after that.

Exhibit 42: Timeline for New Home Improvements

| | FY2024 | | | | FY2025 | | | | FY2026 | | | |
|-------------------------|---------------|----|-----------------|----|-------------|----|----|----|------------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Invoice initial 25% | ● August 2023 | | | | | | | | | | | |
| Invoice cumulative 50% | | | ● February 2024 | | | | | | | | | |
| Invoice cumulative 75% | | | | | ● July 2024 | | | | | | | |
| Invoice cumulative 100% | | | | | | | | | ● May 2025 | | | |

12.7. Non-Appraised Properties

There are currently 17,505 properties on CRIM’s tax rolls that have not been appraised. As a result, even though these properties are included on the tax rolls, owners of these properties are not paying property taxes for these plots. CRIM must appraise and tax these properties to ensure CRIM meets the fiscal targets contained in this Fiscal Plan and improve CRIM’s fiscal governance and accountability. **Appendix 19** provides municipal-level detail of the non-appraised properties.

Assuming a 69% collection rate and based on the location of these non-appraised properties and the average net taxable value in each municipality, CRIM estimates a potential \$5 million per year increase in property taxes from this initiative once all properties are appraised. As shown in **Exhibit 43**, CRIM must appraise the initial 25% of the backlogged properties by February 2024, cumulative 50% by August 2024, cumulative 75% by February 2025, and cumulative 100% by August 2025. This Fiscal Plan estimates a net tax increase of \$3 million in FY2024 and FY2025 and \$5 million in FY2026 and thereafter.

Exhibit 43: Timeline for Non-appraised Properties

| | FY2024 | | | | FY2025 | | | | FY2026 | | | |
|-------------------------|--------|----|-----------------|----|---------------|----|-----------------|----|---------------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Invoice initial 25% | | | ● February 2024 | | | | | | | | | |
| Invoice cumulative 50% | | | | | ● August 2024 | | | | | | | |
| Invoice cumulative 75% | | | | | | | ● February 2025 | | | | | |
| Invoice cumulative 100% | | | | | | | | | ● August 2025 | | | |

12.8. Swimming Pools New to the Tax Roll

Through the Planimetric Project, CRIM identified 25,951 new swimming pools that were not reflected on the tax rolls. As of March 2021, CRIM has virtually appraised all the new swimming pools. Based on the virtual appraisals, the total estimated annual revenue for this measure is \$2 million, assuming a 69% collection rate. **Appendix 19** provides municipal level detail of new swimming pools. As noted above, the billing of these new swimming pools will happen in phases to give CRIM enough time to validate the virtually appraised values for these new prior to issuing invoices.

As shown in **Exhibit 44**, CRIM must invoice the initial 25% of new swimming pools by August 2023, cumulative 50% by February 2024, cumulative 75% by July 2024, and cumulative 100% by May 2025. This initiative will result in incremental tax collections of approximately \$1 million in FY2024 and FY2025, along with \$2 million in FY2026 and thereafter.

Exhibit 44: Timeline for New Swimming Pools

| | FY2024 | | | | FY2025 | | | | FY2026 | | | |
|-------------------------|---------------|----|-----------------|----|-------------|----|----|----|------------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Invoice initial 25% | ● August 2023 | | | | | | | | | | | |
| Invoice cumulative 50% | | | ● February 2024 | | | | | | | | | |
| Invoice cumulative 75% | | | | | ● July 2024 | | | | | | | |
| Invoice cumulative 100% | | | | | | | | | ● May 2025 | | | |

12.9. Personal Property Self-Reporting Compliance

Personal property is self-assessed by taxpayers annually, making compliance the key area of focus for improving revenue collection, as collection rates historically have been over 90%. CRIM must continue to implement reforms to meaningfully simplify paying taxes through digitalization and work with *Hacienda* to address non-compliance and increase tax collections through data and analytics.

Discussions are ongoing between *Hacienda* and CRIM to establish a MOU, as allowed by the Municipal Code, to corroborate the value of the personal property self-reported to CRIM with what is reported to *Hacienda*. While CRIM has actively pursued the execution of this MOU, *Hacienda* has raised valid concerns regarding taxpayer confidentiality. CRIM will work proactively with *Hacienda* to address confidentiality concerns and target executing a MOU by no later than the end of the first quarter of FY2024. This will enhance transparency, accountability, and fiscal governance across the Government and will help to address potential delinquencies. CRIM already established secure communication with *Hacienda* to share real property information. Therefore, CRIM and *Hacienda* should be able to safely share personal property information as soon as this MOU is signed. At this time, it is unclear how much additional personal property taxes could be captured through this initiative, as the level of personal property tax filing noncompliance is not yet known. CRIM will track personal property billings and collections and report to the Oversight Board of any noncompliance it identifies through its collaboration with *Hacienda*.

As of March 2022, CRIM and *Hacienda* have been collaborating and *Hacienda* has remitted over 300,000 informative filings which will enable CRIM to update its tax records.

12.10. Operational and Organizational Development Initiatives

Historically, some of the most critical areas that negatively affected CRIM's operations pertain to CRIM's technology and software. For example, obsolete hardware, outdated applications, and insufficient data bandwidth have contributed to increased inefficiencies and duplication of services. CRIM has addressed many of these issues and continues to roll out new applications to support appraisals, billings, and collections to maximize resource utilization, improve efficiencies, and increase property tax collections. The most critical systems improvements that CRIM has implemented to improve fiscal accountability and transparency are detailed below:

Data Warehouse

A new data warehouse, which serves as a central repository of information that was previously spread throughout several systems, was implemented and rolled out in FY2021. This data warehouse helps streamline the data sharing process and allows for increased data sharing with several entities, including the municipalities, the Oversight Board, PRASA, and other governmental agencies. Through this portal, municipalities have access to important historical data on tax payments, delinquencies, and forecasts. Municipalities must leverage the information available in the data warehouse to support CRIM's efforts in improving compliance and increasing property tax collections.

Furthermore, data collaboration with other governmental entities and agencies will allow CRIM to continuously address data deficiencies that previously hindered its tax appraisal, billing, and collection efforts, including incorrect mailing addresses. CRIM must identify other government entities that they need to collaborate with on data sharing. After CRIM identifies the proper entities, it must work to establish MOUs with these entities to begin sharing this information safely and efficiently to improve fiscal transparency, accountability, and governance.

Billing System

During FY2022 and FY2023, CRIM completed the implementation of CRIM 360 CRIM's unified billing system. CRIM 360 helped to integrate disparate systems and portals used by the agency in an effort to improve operational efficiencies and enhance system access. CRIM has been continually adapting its internal processes and reporting to match those of CRIM 360, and continues to integrate other systems, such as the human resource system.

The CRIM 360 system faced challenges during FY2022 and FY2023. After meeting with the College of Certified Public Accountants, CRIM agreed to make changes to the CRIM 360 system to address concerns and improve usability. Additionally, CRIM issued two Administrative Orders that delayed deadlines to file tax returns and submit estimated tax installments while the system was being remedied and updated.

In December 2022, CRIM created an educational campaign to raise awareness of the CRIM 360 system, which included providing trainings for taxpayers, broadcasting radio segments, posting Q&A videos, publishing newspaper advertisements, and participating in a radio program interview with the CRIM Executive Director. By educating the public on the new tax filing systems, CRIM hopes the improved system will increase web-based activity and ultimately improve tax collections.

Successful utilization of CRIM 360’s implementation and utilization is a critical component in achieving the Fiscal Plan measures.

12.11. Structural Changes to the Property Tax System

In addition to the measures identified above, which mostly focus on increasing property tax collections by improving compliance, CRIM must work together with the municipalities and the Government to further analyze incremental structural changes that would modernize the current property tax system and would help the municipalities achieve long-term fiscal sustainability.

As part of the 2021 CRIM Fiscal Plan, CRIM developed and commenced a series of economic studies and data valuations to analyze the underlying structural elements of the current real property tax base, including commissioning reports to evaluate the base exemptions, exonerations, property tax classification, and effective rates as shown in **Exhibit 45**.

Exhibit 45: Structural Assessment of Real Property Tax Reform

| | |
|--|------------------|
| Complete the comprehensive review of current property tax exemptions and exonerations | Completed |
| Conduct a supplemental analysis to expand on the exemptions and exonerations report | June 30, 2023 |
| Complete an analysis to update the current cost/summation methodology used to value real estate | January 31, 2024 |
| Complete an analysis to revise land valuation to reflect present-day market prices | January 31, 2024 |
| Identify the appropriate statutory and effective tax rates across the different property types to achieve the desired tax collection level | March 31, 2024 |

This due diligence, once completed and analyzed by CRIM in totality, will provide the transparency required to properly analyze and assess the existing real property tax system in order to potentially move to a market informed system. Attempts at broad based reforms without completion of the above referenced economic studies will be unsuccessful in implementing a more fair and equitable real property tax system built on the detailed criteria outlined in **Appendix 3**.

As part of CRIM’s continued effort to support property tax system reform, CRIM plans to develop and present the observations and findings from the completed analyses to the CRIM Executive Director and Governing Board. These findings, which will be presented during the third quarter of FY2024, shall include CRIM’s observations and recommendations on each of the economic studies commissioned. A copy of this report shall be shared with the Governor, AAFAF, and the Oversight Board by no later than April 30, 2024.

Given that the implementation of some of these requirements necessitates legislation, incremental property tax projections for those measures have not been included in the Fiscal Plan projections.

Nevertheless, CRIM must work with the Government, the municipalities, and all appropriate agencies to complete all required analyses to serve as the foundation for determining the next steps, including: (1) a comprehensive review of current property tax exemptions and exonerations, (2) an analysis to update the current cost/summation methodology used to value real estate, (3) an analysis to revise land valuation to reflect present-day market prices, and (4) an analysis to identify the appropriate statutory and effective tax rates across the different property types to achieve the desired tax collection level.

In March 2023, the Oversight Board approved a request by CRIM to conduct a study to (i) update the “*Unitarios*”, (ii) determine whether there is a need to create new unit valuation categories to address structures and sub-structures built after 1957, and (iii) update the basic unit value to assess all real property from 1957 values to 2021 values. However, CRIM believes the implementation of a market informed or “true market value” approach may not be viable currently due to limited available data on market values. Further, the current political environment suggests a potential increase in tax rates for citizens is unlikely to receive widespread support.

During the second and third quarter of FY2023, discussions have occurred between Executive and Legislative branches regarding changes to the Property Tax System, specifically the Inventory Tax portion of the personal property tax. CRIM has been actively participating in these discussions on behalf of the municipalities alongside public stakeholders and representatives of private industry associations. While certain proposals have been discussed and presented, CRIM believes from recent discussions that these proposals will not be passed due to concerns from all parties regarding the implementation of such proposals. CRIM will continue to analyze and actively seek to represent the municipalities in these discussions as consensus is reached regarding the Inventory Tax.

12.12. Comprehensive Property Tax Registry

There is an ongoing initiative by the Commonwealth to streamline property registration to facilitate financial transactions and promote disaster preparedness. Accelerating property registration will ensure that all residents and businesses can quickly and reliably document property rights, which is crucial to day-to-day business operations and post-disaster recovery efforts. As it stands, Puerto Rico’s current set of disjointed registries do not comprehensively map all land ownership, complicating Government disaster relief efforts. To empower residents and businesses to recover from future natural disasters and comply with U.S. Department of Housing and Urban Development (“HUD”) guidelines for unlocking \$8.3 billion in CDBG-MIT funds, reforms must also demonstrate meaningful progress in the creation of a uniform parcel registry that can be used to verify the ownership of properties across the Island.

As part of this initiative, CRIM must collaborate with other government agencies to form a working group to finalize the workplan to reform and streamline property registration. CRIM must ensure that the data in the Digital Cadaster is fully integrated into the comprehensive property tax registry. In addition, CRIM must update its tax roll to incorporate any new properties or updated ownership information identified by this initiative.

This initiative was originally due by the end of FY2022 but has since been delayed. In January 2023, CRIM signed a MOU with Vivienda to begin sharing data and to serve as the foundation for the uniform registry. Sharing property data with Vivienda is to CRIM’s benefit and will enable it to gather additional data points from Vivienda and enhance its own property registry. Despite this benefit, as of May 2023, CRIM had yet to begin sharing data with Vivienda. Accordingly, CRIM must adhere to the terms of the MOU and begin sharing data with Vivienda in FY2024.

12.13. Accounts Receivable Portfolio

Previous CRIM Fiscal Plans have mandated that CRIM seek to sell its property tax A/R portfolio, rather than seeking to self-collect such amounts. However, given the recent success that CRIM has achieved through self-collections, the new DMO is being developed, with a planned launch by the beginning of FY2024. The goal of the DMO will be to facilitate an efficient process for the collection of past-due property taxes. It will focus on proactive collection efforts and, if necessary, execute foreclosure procedures. The Oversight Board is supportive of the DMO and related self-collection efforts.

If the DMO does not achieve its intended goals, CRIM must again consider seeking a sale of the past due A/R portfolio. To monitor the progress of the DMO, CRIM must establish a standard monthly report whereby it details the amount of past-due property tax collections that are directly tied to collection efforts from the DMO. In July 2024, following a full year of DMO operations, CRIM must then evaluate the results of the DMO and consider whether a portfolio sale would be more efficient. Such analysis must be delivered to the Oversight Board no later than July 31, 2024, and will be used to help decide whether a portfolio sale should be pursued.

Chapter 13. Timeline and Reporting for CRIM Measures

Exhibit 46 provides a summary of the milestones, timelines, and certain assumptions as it relates to the implementation of the proposed CRIM measures, along with the estimated incremental tax revenues generated by these measures:

Exhibit 46³: Action Items and Timing of Fiscal Plan Measures

| Area of Focus | Description | Deadline |
|--|--|---------------|
| 1. Validation of Virtual Appraisals | Appraiser Trainings | Completed |
| | Validation of initial 50% of 41,401 cases of virtual appraisals | Completed |
| | Notifications sent to taxpayers for initial 50% of revalidated cases | May 31, 2023 |
| | Validation of second 50% of 41,401 cases of virtual appraisals | June 15, 2023 |
| | Notifications sent to taxpayers for second 50% of revalidated cases | June 30, 2023 |
| | Invoice initial 50% of revalidated cases | July 31, 2023 |

| Area of Focus | Description | Deadline |
|---|---|-------------------|
| | Invoice second 50% of revalidated cases | August 31, 2023 |
| 2. Incorrect Mailing Addresses | Corroborate and fix cumulative 75% of incorrect mailing addresses in the billing system | Completed |
| | Invoice cumulative 75% of incorrect mailing addresses | Completed |
| | Corroborate and fix cumulative 100% of incorrect mailing addresses in the billing system | July 31, 2023 |
| | Invoice cumulative 100% of incorrect mailing addresses | August 31, 2023 |
| 3. Properties new to the tax roll | Validate appraised values and confirm ownership information for the initial 25% of new properties | July 31, 2023 |
| | Invoice initial 25% of new properties | August 30, 2023 |
| | Validate appraised values and confirm ownership information for cumulative 50% of new properties | January 31, 2024 |
| | Invoice cumulative 50% of new properties | February 28, 2024 |
| | Validate appraised values and confirm ownership information for cumulative 75% of new properties | June 30, 2024 |
| | Invoice cumulative 75% of new properties | July 31, 2024 |
| | Validate appraised values and confirm ownership information for cumulative 100% of new properties | April 30, 2025 |
| | Invoice cumulative 100% of new properties | May 30, 2025 |
| 4. Current year real property tax collection rates | Hire a cumulative 100% of additional collectors needed to assist with compliance efforts | December 31, 2023 |
| 5. Home improvements new to the tax roll | Validate appraised values for the initial 25% of new home improvements | July 31, 2023 |
| | Invoice initial 25% of new home improvements | August 30, 2023 |
| | Validate appraised values for the cumulative 50% of new home improvements | January 31, 2024 |
| | Invoice cumulative 50% of new home improvements | February 28, 2024 |
| | Validate appraised values for the cumulative 75% of new home improvements | June 30, 2024 |
| | Invoice cumulative 75% of new home improvements | July 31, 2024 |
| | Validate appraised values for the cumulative 100% of new home improvements | April 30, 2025 |
| | Invoice cumulative 100% of new home improvements | May 30, 2025 |
| 6. Non-appraised properties | Appraise the initial 25% of the backlogged properties | January 31, 2024 |

| Area of Focus | Description | Deadline |
|--|--|--------------------|
| | Invoice initial 25% of backlogged properties | February 28, 2024 |
| | Appraise the cumulative 50% of the backlogged properties | July 31, 2024 |
| | Invoice initial 50% of backlogged properties | August 30, 2024 |
| | Appraise the initial 75% of the backlogged properties | January 31, 2025 |
| | Invoice initial 75% of backlogged properties | February 28, 2025 |
| | Appraise cumulative 100% of the backlogged properties | July 31, 2025 |
| | Invoice cumulative 100% of backlogged properties | August 30, 2025 |
| 7. Swimming pools new to the tax roll | Validate appraised values for the initial 25% of new swimming pools | July 31, 2023 |
| | Invoice initial 25% of new swimming pools | August 30, 2023 |
| | Validate appraised values for the cumulative 50% of new swimming pools | January 31, 2024 |
| | Invoice cumulative 50% of new swimming pools | February 28, 2024 |
| | Validate appraised values for the cumulative 75% of new swimming pools | June 30, 2024 |
| | Invoice cumulative 75% of new swimming pools | July 31, 2024 |
| | Validate appraised values for the cumulative 100% of new swimming pools | April 30, 2025 |
| | Invoice cumulative 100% of new swimming pools | May 30, 2025 |
| 8. Personal property self-reporting compliance | Establish an MOU between CRIM and <i>Hacienda</i> to share personal property information and begin sharing information | June 30, 2023 |
| 9. Operational and organizational development initiatives | Commence the implementation and roll-out of SKALA II, CRIM 360, and SIMA accounting platforms | Completed |
| | Develop ERP remediation and implementation plan to resolve the gaps in data and system integration | July 31, 2023 |
| | Complete staffing analysis to identify staffing needs | October 30, 2023 |
| | Finalize the system implementation and integration of SKALA II, CRIM 360, and SIMA accounting platforms | December 31, 2023 |
| | Hire the initial 25% of the additional personnel needed to assist with compliance efforts | September 30, 2023 |
| | Complete the human capital transformation | June 30, 2024 |
| | Implement the Quality Unit | June 30, 2024 |

| Area of Focus | Description | Deadline |
|--|---|-------------------|
| | Hire cumulative 100% of the additional personnel needed to assist with compliance efforts | June 30, 2024 |
| 12. Structural changes to the property tax system | Complete the comprehensive review of current property tax exemptions and exonerations | Completed |
| | Conduct a supplemental analysis to expand on the exemptions and exonerations report | June 30, 2023 |
| | Complete an analysis to update the current cost/summation methodology used to value real estate | January 31, 2024 |
| | Complete an analysis to revise land valuation to reflect present-day market prices | January 31, 2024 |
| | Identify the appropriate statutory and effective tax rates across the different property types to achieve the desired tax collection level | March 31, 2024 |
| | Develop and present a formalized report of observations and findings from the completed analyses to the CRIM Executive Director and Governing Board | June 30, 2024 |
| 13. Comprehensive property tax registry | Work with the Government to finalize workplan for reforming and streamlining property registration | December 31, 2024 |
| 14. Accounts Receivable Portfolio | Deliver report evaluating the results of the DMO and determining whether an A/R portfolio sale should be pursued | July 31, 2024 |

Monitoring and Reporting

The fiscal and structural measures described in the Fiscal Plan represent a significant and transformative opportunity for CRIM and the municipalities. There are reporting requirements needed to ensure these measures are being achieved on time and to identify any risks to not achieving them. To ensure that the fiscal targets in this Fiscal Plan are achieved, CRIM must produce monthly performance reports, which shall be submitted to the Oversight Board on the 20th of each month, demonstrating the progress made on all key measures.

Historically, CRIM has struggled to report progress in a timely and accurate manner. Rather than adhering to the requirements outlined in prior Fiscal Plans, CRIM has typically submitted key reporting dashboards several months late with incomplete information. The Oversight Board has raised this issue on multiple occasions and has clarified the goal of increasing transparency into the progress of each measure, rather than requiring any specific reporting dashboard. CRIM has been proactive in trying to improve its reporting standards, including hosting collaborative working sessions with the Oversight Board to discuss potential solutions. Accordingly, this Fiscal Plan proposes a new measure reporting methodology, whereby progress will be tracked on a monthly basis by measuring the number of newly appraised properties and comparing that to the change in the value of the overall tax roll, in order to estimate the dollar impact. Such reporting

must also contain qualitative status updates that explain key progress made or issues encountered. **Exhibit 47** provides additional details for the reporting requirements.

Exhibit 47: Reporting Requirements

| | Reporting requirements | Cadence for FOMB reporting | Reporting requirement source |
|--|---|----------------------------|------------------------------|
| Budget-to-actuals reports and other reports | A report detailing property tax collections (real vs. personal) by municipality and remittances paid | Monthly | Fiscal Plan |
| | A report detailing operating revenues and expenses versus projected budget | Monthly | Fiscal Plan |
| | Headcount and payroll, including fringe benefits expenses | Monthly | Fiscal Plan |
| | List of all professional services providers, as well as the estimated cost and duration for each contract | Monthly | Fiscal Plan |
| | A report detailing the work being done by the municipalities as part of the Collaborative Agreements | Monthly | Fiscal Plan |
| | Bank account balances | Quarterly | Fiscal Plan |
| Measures progress reports | DMO A/R Collections | Monthly | Fiscal Plan |
| | Incorrect mailing addresses | Monthly | Fiscal Plan |
| | Properties new to the tax rolls | Monthly | Fiscal Plan |
| | Current year real property tax collection rates | Monthly | Fiscal Plan |
| | Home improvements new to the tax rolls | Monthly | Fiscal Plan |
| | Non-appraised properties | Monthly | Fiscal Plan |
| | Swimming pool new to the tax rolls | Monthly | Fiscal Plan |
| | Personal property self-reporting compliance | Monthly | Fiscal Plan |
| | Operational and organizational initiatives | Monthly | Fiscal Plan |
| | Agency efficiencies | Monthly | Fiscal Plan |
| | Structural changes to the property tax system | Monthly | Fiscal Plan |
| Comprehensive property tax registry | Monthly | Fiscal Plan | |

Part VI. Forecast with Measures

Targets outlined in this Fiscal Plan are incremental to any baseline projections. The targets include improved collections and cost-savings achieved by the successful implementation of the Fiscal Plan measures. As identified in **Exhibit 48 and 49**, the impact of these measures results in an estimated revenue increase of 5.5% to 25.4% from the baseline projections. These funds will be redistributed to municipalities according to the applicable law.

Exhibit 48: Projected Property Tax Baseline and Measures

(Dollars in millions)

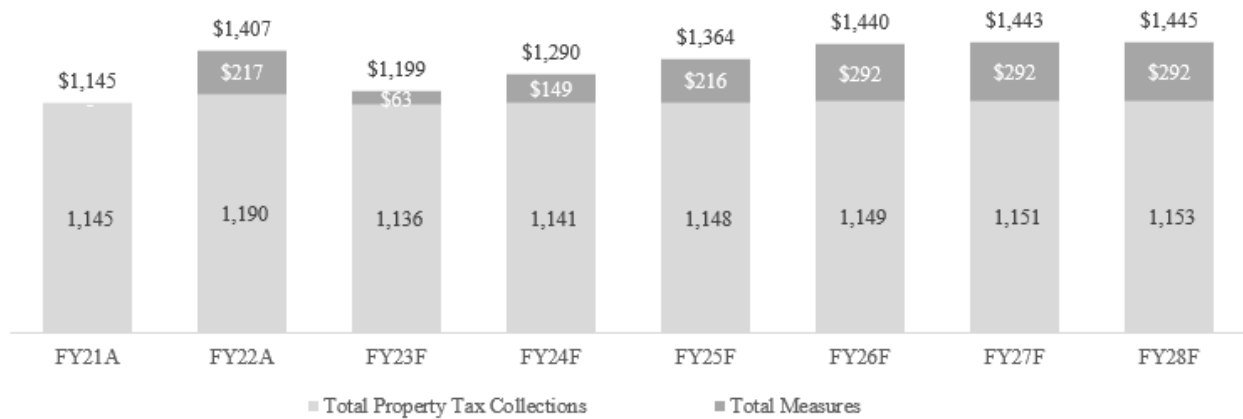


Exhibit 49: Projected Property Tax Baseline and Measures Breakdown

(Dollars in millions)

| | Forecast | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | FY2022E | FY2023 | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
| Baseline Property Taxes | \$ 1,189.8 | \$ 1,135.6 | \$ 1,140.7 | \$ 1,147.7 | \$ 1,148.6 | \$ 1,151.3 | \$ 1,153.2 |
| Measures: | | | | | | | |
| Self-collection of A/R* | 217.0 | - | - | - | - | - | - |
| Incorrect mailing addresses | 0.0 | 45.7 | 76.1 | 76.1 | 76.1 | 76.1 | 76.1 |
| Properties new to the tax rolls | - | - | 22.5 | 45.0 | 90.1 | 90.1 | 90.1 |
| Current year real property tax collection rates | - | 17.6 | 35.1 | 52.7 | 70.2 | 70.2 | 70.2 |
| Home improvements new to the tax rolls | - | - | 12.1 | 36.2 | 48.2 | 48.2 | 48.2 |
| Non-appraised properties | - | - | 2.6 | 5.1 | 5.1 | 5.1 | 5.1 |
| Swimming pools new to the tax rolls | - | - | 0.9 | 0.9 | 1.8 | 1.8 | 1.8 |
| Measures: | 217.0 | 63.3 | 149.3 | 216.0 | 291.5 | 291.5 | 291.5 |
| Total Revenues | \$1,406.8 | \$1,198.9 | \$1,290.0 | \$1,363.7 | \$1,440.1 | \$1,442.8 | \$1,444.7 |

* Results as of April 2023

As mentioned above, the increase in property tax collections due to implementation of these measures will not be shared equally among the municipalities, as the municipalities with the highest number of properties will most likely be the ones that benefit the most. To ensure that the smaller municipalities also benefit from these measures and adequate funding is provided for essential services, CRIM continues to work closely with government agencies (*i.e.*, AAFAF, municipalities, and OMB) to investigate an alternative funding strategy for municipalities who heavily depend on the Equalization Fund.

Part VII. Appendix

Appendix 1: Commonwealth Support to Incentivize Municipal Service Consolidation

To incentivize service consolidation, the 2020 Commonwealth Fiscal Plan established funds to assist the municipalities to achieve fiscal sustainability. To fund this initiative, the Commonwealth set aside \$22 million in each fiscal year through FY2025 for distribution among municipalities that complete service consolidations. However, the municipalities have exhibited a lack of progress on consolidation initiatives, including leaving the \$66 million currently available under the Municipal Consolidation Fund completely unutilized. To facilitate improved consolidation and implementation of municipal administrative efficiencies, the 2023 Commonwealth Fiscal Plan proposed that the Office of Municipal Management (OMM) of OMB lead the efforts to promote and create inter-municipal consortia and alliances for the integration of administrative services. In that role, OMM would work with the municipalities to propose amendments to the Oversight Board's existing Municipal Service Consolidation Fund guidelines and discuss and develop implementation plans with the municipalities to effectuate the creation of inter-municipal consortia. However, given the overall lack of progress in utilizing the \$66 million in the Municipal Consolidation Fund, the original annual allocations of \$22 million for FY2024 and FY2025 will no longer be available to municipalities for consolidation purposes.

Appendix 2: Local and Federal Disaster Recovery Aid Provided to Municipalities

Impact of Natural Disasters

Over the last several years, Puerto Rico has experienced various natural disasters, some of which have impacted property tax collections.

Hurricane Fiona

In September 2022, Hurricane Fiona struck Puerto Rico, causing widespread damage throughout the island and inflicting significant damage to the Commonwealth's economy.

In the aftermath of the hurricane, OMB requested authorization for emergency disbursements of up to \$250,000 per municipality (\$19.5 million total) from the Commonwealth's Emergency Reserve to support recovery efforts related to the impacts of Hurricane Fiona. The Oversight Board approved this emergency funding request and access to the Emergency Reserve was granted for a period of fifteen (15) days, commencing on September 16, 2022.

In September 2022, CRIM requested approval from the Oversight Board to commence a second distribution of the year-end liquidation process to disburse funds collected during FY2022. This liquidation was intended to provide municipalities with immediate funding to enable them to implement emergency recovery efforts related to Hurricane Fiona. CRIM and the Oversight Board worked collaboratively and advanced 50% (\$22.2 million) of the \$44.4 million in excess proceeds to 73 municipalities. Further, in October 2022, the Oversight Board authorized CRIM to conduct an additional partial disbursement of up to 85% (\$14.6 million) of the surplus year-end liquidation proceeds collected.

The Federal Government has supported post-hurricane reconstruction in the municipalities primarily through the Federal Emergency Management Agency's ("FEMA") Public Assistance program. As of May 2023, the municipalities had nearly \$6 billion in projects under FEMA's Project Formulation stage being evaluated for potential funding. See **Appendix 4** for funding details by individual municipality.

Hurricanes María and Irma

In FY2018, Hurricanes María and Irma inflicted unprecedented damage to the physical infrastructure of Puerto Rico. As a result, property tax collections decreased by approximately 2.0% or \$20.9 million (\$19.5 million in personal property taxes and \$1.4 million in real property taxes) in FY2018 compared to FY2017.

As of May 2023, under FEMA's Public Assistance program, approximately \$3.8 billion had been obligated and \$904 million had been disbursed to the municipalities in response to these two disasters.

Earthquakes

In FY2020, several earthquakes struck Puerto Rico, causing significant damage to real and personal properties, mostly located in the west and southwest part of the island. However, given that many properties, especially residential properties, do not pay taxes due to the high levels of

exonerations and exemptions that exist, CRIM did not experience a material impact on FY2020 property tax collections as a result of the earthquakes.

Historically, given the high levels of exemptions and exonerations, property taxes have been resilient to natural disasters as many of the taxpayers that are most vulnerable to disasters are not paying property taxes to begin with.

As of May 2023, approximately \$63 million had been obligated and \$13 million had been disbursed to the municipalities by FEMA under its Public Assistance program in response to these two disasters.

Impact of COVID-19 Pandemic

As part of the COVID-19 Emergency Measures Support Package, municipalities received approximately \$100 million from the Commonwealth in FY2020.

In addition, \$200 million was originally made available to the municipalities from the \$2.2 billion appropriated to Puerto Rico under the Coronavirus Aid, Relief and Economic Relief Act (the “CARES Act”). These funds were used to reimburse costs related to COVID-19, which had not been previously budgeted for by the municipalities. Municipalities were responsible for tracking, reporting, and submitting these incremental expenses to AAFAF for reimbursement. On February 17, 2021, Governor Pierluisi announced that the Government would make available an additional \$100 million from the CARES Act for the municipalities, for a total of \$300 million. Each of the 78 municipalities was to receive \$1 million, with the remaining \$22 million being available to reimburse additional COVID-19 related expenses as submitted by the municipalities and approved by AAFAF.

On March 11, 2021, the Federal Government passed the American Rescue Plan Act of 2021 (“ARP Act”). This \$1.9 trillion economic stimulus bill included, among other things, \$350 billion of direct support to state, municipal, and county governments. From the \$350 billion in direct support to local governments, the municipalities were obligated over \$1.5 billion in funding, all which has since been disbursed.

On August 3, 2021, Governor Pierluisi announced the allocation of \$150 million from the CSLFRF to municipalities as part of the Municipal Strengthening Fund, and \$2 million to the Federation and Association of Mayors to train municipality personnel on ARPA management and monitoring.²² As of May 2023, \$102 million had been disbursed from the \$152 million program, with the final \$50 million scheduled for disbursement on August 1, 2023.

²² Municipal Strengthening Fund Program Guidelines, published November 2021.

COVID-19 Local and Federal Aid Provided to Municipalities²³

(Dollars in actuals)

| | CARES Act | ARP Act | | Total Local and Federal Aid |
|--------------|------------------|--------------------|--------------------|-----------------------------|
| | Amount | Amount | Categorization | |
| Total | \$384,255 | \$1,546,297 | | \$1,930,552 |
| Adjuntas | 2,519 | 31,488 | Other Non-Counties | 34,008 |
| Aguada | 4,183 | 49,289 | Other Non-Counties | 53,472 |
| Aguadilla | 4,950 | 86,006 | Metro Cities | 90,956 |
| Aguas Buenas | 3,336 | 30,282 | Other Non-Counties | 33,618 |
| Aibonito | 2,575 | 66,818 | Other Non-Counties | 69,393 |
| Añasco | 3,348 | 26,487 | Other Non-Counties | 29,835 |
| Arecibo | 8,326 | 72,225 | Metro Cities | 80,550 |
| Arroyo | 3,255 | 23,384 | Other Non-Counties | 26,639 |
| Barceloneta | 3,366 | 21,783 | Other Non-Counties | 25,149 |
| Barranquitas | 3,953 | 17,850 | Other Non-Counties | 21,803 |
| Bayamon | 17,048 | 23,725 | Metro Cities | 40,773 |
| Cabo Rojo | 4,549 | 37,101 | Metro Cities | 41,651 |
| Caguas | 11,961 | 29,999 | Metro Cities | 41,960 |
| Camuy | 4,902 | 26,221 | Other Non-Counties | 31,123 |
| Canovanas | 6,091 | 26,633 | Metro Cities | 32,723 |
| Carolina | 14,185 | 24,470 | Metro Cities | 38,656 |
| Cataño | 3,363 | 48,680 | Other Non-Counties | 52,044 |
| Cayey | 3,997 | 84,809 | Metro Cities | 88,807 |
| Ceiba | 3,258 | 26,781 | Other Non-Counties | 30,039 |
| Ciales | 2,043 | 19,193 | Other Non-Counties | 21,236 |
| Cidra | 4,201 | 237,708 | Metro Cities | 241,910 |
| Coamo | 5,045 | 22,524 | Other Non-Counties | 27,569 |
| Comerio | 3,544 | 33,782 | Other Non-Counties | 37,326 |
| Corozal | 4,014 | 40,283 | Other Non-Counties | 44,297 |
| Culebra | 2,605 | 31,587 | Other Non-Counties | 34,191 |
| Dorado | 4,125 | 30,219 | Other Non-Counties | 34,343 |
| Fajardo | 3,270 | 20,431 | Metro Cities | 23,701 |
| Florida | 2,817 | 5,190 | Other Non-Counties | 8,007 |
| Guanica | 2,596 | 10,968 | Other Non-Counties | 13,564 |
| Guayama | 4,668 | 7,417 | Metro Cities | 12,085 |
| Guayanilla | 3,209 | 6,608 | Other Non-Counties | 9,818 |
| Guaynabo | 10,163 | 5,153 | Metro Cities | 15,315 |
| Gurabo | 5,140 | 7,820 | Other Non-Counties | 12,960 |
| Hatillo | 3,884 | 7,092 | Other Non-Counties | 10,976 |
| Hormigueros | 2,298 | 8,287 | Other Non-Counties | 10,585 |
| Humacao | 5,126 | 9,118 | Metro Cities | 14,244 |
| Isabela | 4,681 | 6,911 | Metro Cities | 11,592 |
| Jayuya | 2,838 | 3,259 | Other Non-Counties | 6,097 |
| Juana Diaz | 4,712 | 4,725 | Metro Cities | 9,437 |

²³ Approximately \$3.5 million in funding has been clawed back across 23 municipalities as a result of not meeting qualifications outlined by the CARES Act.

| | CARES Act | ARP Act | | Total Local and Federal Aid |
|---------------|------------------|--------------------|--------------------|-----------------------------|
| | Amount | Amount | Categorization | |
| Total | \$384,255 | \$1,546,297 | | \$1,930,552 |
| Juncos | 4,722 | 11,459 | Other Non-Counties | 16,181 |
| Lajas | 3,148 | 5,574 | Other Non-Counties | 8,722 |
| Lares | 3,484 | 9,653 | Other Non-Counties | 13,137 |
| Las Marias | 3,181 | 512 | Other Non-Counties | 3,693 |
| Las Piedras | 5,100 | 10,803 | Other Non-Counties | 15,903 |
| Loiza | 3,668 | 3,383 | Other Non-Counties | 7,051 |
| Luquillo | 3,055 | 5,268 | Other Non-Counties | 8,322 |
| Manati | 4,520 | 14,076 | Metro Cities | 18,596 |
| Maricao | 2,625 | 4,598 | Other Non-Counties | 7,224 |
| Maunabo | 3,257 | 11,723 | Other Non-Counties | 14,980 |
| Mayaguez | 6,885 | 4,638 | Metro Cities | 11,523 |
| Moca | 4,357 | 4,152 | Other Non-Counties | 8,509 |
| Morovis | 3,726 | 11,405 | Other Non-Counties | 15,131 |
| Naguabo | 3,738 | 6,579 | Other Non-Counties | 10,317 |
| Naranjito | 4,007 | 7,256 | Other Non-Counties | 11,263 |
| Orocovis | 3,507 | 2,369 | Other Non-Counties | 5,877 |
| Patillas | 3,238 | 11,062 | Other Non-Counties | 14,299 |
| Peñuelas | 3,010 | 7,339 | Other Non-Counties | 10,349 |
| Ponce | 12,068 | 5,280 | Metro Cities | 17,349 |
| Quebradillas | 3,330 | 1,623 | Other Non-Counties | 4,953 |
| Rincon | 2,845 | 3,085 | Other Non-Counties | 5,930 |
| Rio Grande | 5,183 | 10,429 | Metro Cities | 15,612 |
| Sabana Grande | 3,253 | 9,067 | Other Non-Counties | 12,320 |
| Salinas | 3,622 | 7,700 | Other Non-Counties | 11,322 |
| San German | 3,505 | 8,175 | Metro Cities | 11,680 |
| San Juan | 31,846 | 6,044 | Metro Cities | 37,890 |
| San Lorenzo | 4,596 | 4,846 | Other Non-Counties | 9,442 |
| San Sebastian | 3,828 | 5,754 | Metro Cities | 9,582 |
| Santa Isabel | 3,455 | 6,850 | Other Non-Counties | 10,306 |
| Toa Alta | 5,344 | 4,082 | Metro Cities | 9,426 |
| Toa Baja | 7,218 | 6,490 | Metro Cities | 13,708 |
| Trujillo Alto | 6,612 | 8,109 | Metro Cities | 14,721 |
| Utuado | 3,532 | 10,757 | Other Non-Counties | 14,289 |
| Vega Alta | 4,216 | 6,340 | Other Non-Counties | 10,556 |
| Vega Baja | 5,228 | 8,189 | Metro Cities | 13,416 |
| Vieques | 3,768 | 10,779 | Other Non-Counties | 14,547 |
| Villalba | 3,520 | 2,507 | Other Non-Counties | 6,027 |
| Yabucoa | 3,920 | 6,388 | Other Non-Counties | 10,308 |
| Yauco | 3,993 | 9,649 | Metro Cities | 13,642 |

Notes:

- CARES Act allocations sourced from COR3 Transparency Portal as of May 5, 2021. AAFAF has been responsible for approving and tracking CARES Act reimbursement.
- ARP Act allocations sourced from US Treasury published allocations available here: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.
- US Treasury has not published allocations for non-entitlement units of territories. Amounts represent estimated allocation based on 2019 Census estimated population data of municipalities that did not receive a metro city allocation.

Appendix 3: Detailed U.S. Treasury Report Criteria

Criteria 1: Stable revenue

In general, tax revenues should track the overall economy but with greater stability. In Puerto Rico, tax revenue is generally stable year over year.

Criteria 2: Revenue buoyancy

In general, tax revenues ought to grow at about the same rate (or slightly less) than the economy, without the need for increases in tax rates. The tax on real property is not buoyant, as the appraisal level is set at 1957 levels and does not account for increases in property values. Therefore, any revenue increases are only accomplished by increases in the tax rate or expansion to the tax base. Similarly, personal property tax, excluding taxes on inventory, is based on the lesser of the book value or fair market value. This value does not follow changes in the economy to some extent. Inventory tax, on the other hand, is based on current prices and is buoyant.

Criteria 3: Broad base

A broad base will have lower elasticity with respect to income and will, therefore, be more economically neutral. It is also more likely to capture the inherent growth associated with a growing economy. Puerto Rico's tax base is narrow, given that over 200,000 properties are not included in the tax roll, and multiple classes of properties and businesses are exempted from paying taxes.

Criteria 4: Compliance costs

The compliance costs associated with the real property in Puerto Rico are fairly low. However, the compliance costs associated with the personal property are relatively high because the burden of determining the taxable value is placed on the owner.

Criteria 5: Cost of administration

The cost to the tax agency to administer the tax must be kept as low as possible while still maintaining service quality levels. CRIM retains 5% of revenues collected to cover their costs. In the long run, this level appears appropriate. However, given the challenges facing the current system, it is likely additional resources will be required in the short- to medium-term.

Criteria 6: Economic neutrality

The current Puerto Rico property tax system fosters economic inefficiency. For example:

- Taxpayers actively solicit government agencies for property tax relief
- Tangible personal property tax incentivizes firms to employ less efficient equipment and processes for operations

- Inventory tax incentivizes companies to minimize inventories for retail and business-to-business firms
- Current appraisal practices for real property may distort investment decisions
- Some industrial and commercial taxpayers receive preferential treatment.

Criteria 7: Equity

Tax systems should treat taxpayers of equal means in a similar manner. Tax fairness implies that the tax burden for taxpayers with generally identical taxable assets should be equal. The current Puerto Rico property tax system creates substantial equity concerns. For example, multiple large industrial categories are currently exempt from the property tax. Similarly, current appraisal practices for real property and improvements undermine the fairness in the property tax system as recently constructed residential or business buildings are taxed at the same level as older buildings suffering from functional inadequacies.

The combined result is that the property tax in Puerto Rico badly underperforms relative to its potential. The table below provides an overview of how the current system performs on each of the criteria discussed above.

| Criteria | Real Property | Personal Property |
|----------------------------------|----------------------|--------------------------|
| 1. Stable Revenue | Good | Fair |
| 2. Revenue Buoyancy | Very Poor | Fair |
| 3. Broad Base | Poor | Poor |
| 4. Compliance Costs | Fair | Poor |
| 5. Cost of Administration | Good | Fair |
| 6. Economic Neutrality | Poor | Very Poor |
| 7. Equity | Poor | Very Poor |

Appendix 4: FEMA Public Assistance Funds²⁴

(Dollars in thousands)

| Municipality | COVID-19 | | | Earthquake | | | Hurricane Fiona | | | Hurricane Maria | | | Hurricane Irma | | |
|--------------|----------------|----------------|---------------------|-----------------|-----------------|---------------------|-----------------|----------------|---------------------|--------------------|------------------|---------------------|-----------------|-----------------|---------------------|
| | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation |
| Total | \$5,239 | \$2,486 | \$2,336 | \$62,862 | \$13,402 | \$49,156 | \$19,093 | \$6,873 | \$5,996,193 | \$3,800,787 | \$892,370 | \$70,988 | \$11,534 | \$11,731 | \$104,444 |
| Adjuntas | - | - | - | 123 | 115 | - | 40 | 40 | 33,260 | 28,897 | 2,789 | - | - | - | - |
| Aguada | - | - | - | - | - | - | 151 | - | 1,434 | 31,343 | 12,893 | 685 | 204 | 136 | 4 |
| Aguadilla | - | - | - | - | - | - | - | - | 799 | 29,164 | 3,286 | 2,560 | 30 | 29 | - |
| Aguas Buenas | - | - | - | - | - | - | - | - | 4,098 | 33,068 | 8,778 | - | 185 | 192 | - |
| Albomito | - | - | - | - | - | - | - | - | 20,056 | 40,016 | 9,869 | - | 18 | 18 | - |
| Añasco | - | - | - | - | - | - | 26 | - | 7,707 | 294,681 | 19,546 | 2,239 | 30 | 39 | - |
| Arecibo | 60 | - | - | - | - | - | - | - | 9,894 | 31,861 | 9,016 | 3,200 | - | - | - |
| Arroyo | - | - | - | - | - | - | 16 | 16 | 24,561 | 31,475 | 8,635 | - | - | - | - |
| Barceloneta | - | - | - | - | - | - | - | - | 7,021 | 26,340 | 5,946 | 1,084 | 143 | 142 | - |
| Barranquitas | - | - | - | - | - | - | - | - | 13,007 | 93,994 | 5,927 | 1,000 | 31 | 21 | - |
| Bayamón | - | - | - | - | - | - | 1,262 | - | 6,166 | 89,074 | 24,002 | - | 357 | 346 | - |
| Cabo Rojo | - | - | - | - | - | - | 558 | 433 | 11,107 | 14,383 | 9,228 | 45 | 42 | 41 | - |
| Caguas | - | - | - | - | - | - | 171 | - | 33,116 | 117,529 | 23,065 | 5,628 | 370 | 307 | - |
| Canary | 204 | 112 | - | - | - | - | - | - | 8,040 | 7,326 | 5,395 | 222 | 67 | 74 | - |
| Canóvanas | - | - | - | - | - | - | - | - | 15,933 | 42,140 | 16,271 | 234 | 240 | 416 | - |
| Carolina | - | - | - | - | - | - | 372 | - | 1,323 | 104,876 | 39,380 | 1,494 | 871 | 840 | - |
| Cataño | - | - | - | - | - | - | - | - | 2,598 | 32,105 | 10,664 | - | 51 | 218 | - |
| Cayey | - | - | - | - | - | - | 99 | - | 17,984 | 41,865 | 7,374 | 3,752 | 64 | 64 | - |
| Ceiba | - | - | - | - | - | - | - | - | 891 | 21,123 | 5,633 | - | 157 | 142 | - |
| Ciales | - | - | - | - | - | - | - | - | 12,198 | 17,761 | 3,413 | - | 63 | 63 | - |
| Cidra | - | - | - | - | - | - | - | - | 5,888 | 36,524 | 10,295 | - | 32 | 35 | - |
| Coamo | 227 | - | - | - | - | - | 1,181 | 711 | 5,007,641 | 81,398 | 19,814 | - | 17 | 17 | - |
| Cozmerio | 241 | 241 | - | - | - | - | - | - | 12,068 | 25,728 | 5,689 | 2,112 | 66 | 65 | - |
| Corozal | - | - | - | - | - | - | - | - | 5,414 | 51,176 | 10,167 | - | 14 | 20 | - |
| Culebra | - | - | - | - | - | - | - | - | 7,387 | 8,427 | 2,784 | - | 43 | 43 | - |
| Dorado | - | - | 301 | - | - | - | - | - | 8,286 | 28,569 | 9,670 | 1,000 | 66 | 94 | - |
| Fajardo | 217 | 71 | 518 | - | - | - | - | - | 8,028 | 18,332 | 3,476 | - | 202 | 202 | - |
| Florida | - | - | 1,200 | - | - | - | - | - | 1,020 | 4,633 | 2,478 | 120 | 112 | 112 | - |
| Guánica | - | - | - | 13,776 | 2,497 | 10,031 | 1,085 | 175 | 2,547 | 11,900 | 2,608 | - | - | - | - |
| Guayama | - | - | 306 | - | - | - | 14 | - | 47,342 | 48,832 | 14,008 | - | 16 | 16 | - |
| Guayamailla | - | - | - | 21,814 | 3,946 | 15,620 | 949 | 927 | 10,655 | 52,523 | 14,031 | - | - | - | - |
| Guaynabo | - | - | - | - | - | - | - | - | 1,865 | 53,852 | 13,515 | 588 | 722 | 715 | - |
| Gurabo | - | - | - | - | - | - | - | - | 4,699 | 23,826 | 10,340 | 1,223 | 273 | 245 | - |
| Hatillo | - | - | - | - | - | - | - | - | 1,485 | 12,404 | 3,384 | - | 14 | 13 | - |
| Hormigueros | - | - | - | - | - | - | 487 | - | 961 | 8,735 | 1,706 | - | 26 | 26 | - |
| Huacabo | - | - | - | - | - | - | - | - | 5,978 | 31,312 | 9,209 | 1,905 | - | - | - |
| Isabela | - | - | - | - | - | - | - | - | 2,933 | 27,080 | 11,220 | - | 41 | 33 | - |
| Jayuya | 71 | 71 | - | 226 | 211 | - | 2,181 | 391 | 41,150 | 319,785 | 44,411 | - | 85 | 85 | 100 |
| Juan Díaz | - | - | - | 278 | 263 | - | 15 | - | 9,996 | 41,446 | 11,898 | - | 41 | 41 | - |

²⁴ Source: COR3 Transparency Portal (as of May 2023)

| Municipality | COVID-19 | | | Earthquake | | | Hurricane Fiona | | | Hurricane Maria | | | Hurricane Irma | | |
|---------------|----------------|----------------|---------------------|-----------------|-----------------|---------------------|-----------------|----------------|---------------------|--------------------|------------------|---------------------|-----------------|-----------------|---------------------|
| | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation | Obligated | Disbursed | Project Formulation |
| Total | \$5,239 | \$2,486 | \$2,336 | \$62,862 | \$13,402 | \$49,156 | \$19,093 | \$6,873 | \$5,996,193 | \$3,800,787 | \$892,370 | \$70,988 | \$11,534 | \$11,731 | \$104 |
| Juncos | - | - | 12 | - | - | - | - | - | 11,780 | 27,942 | 10,647 | - | 152 | 130 | - |
| Lajas | - | - | - | 483 | 226 | - | 75 | 75 | 3,128 | 14,179 | 4,074 | - | - | - | - |
| Lares | - | - | - | - | - | - | - | - | 2,686 | 47,283 | 4,998 | - | 28 | 26 | - |
| Las Marias | - | - | - | 1,827 | 139 | - | 158 | 141 | 800 | 80,692 | 7,589 | 328 | - | - | - |
| Las Piedras | - | - | - | - | - | - | - | - | 32,392 | 48,759 | 12,714 | 6,521 | 208 | 193 | - |
| Loiza | - | - | - | - | - | - | - | - | 7 | 25,936 | 12,148 | - | 368 | 456 | - |
| Luxquillo | - | - | - | - | - | - | - | - | 103 | 24,495 | 3,972 | - | 223 | 261 | - |
| Mamari | - | - | - | - | - | - | 152 | 152 | 294 | 25,701 | 6,657 | - | 239 | 231 | - |
| Maricao | - | - | - | - | - | - | 90 | 86 | 3,195 | 42,899 | 18,334 | - | - | - | - |
| Manabo | - | - | - | - | - | - | - | - | 18,435 | 29,678 | 14,976 | 550 | - | - | - |
| Mayaguez | 1,032 | - | - | 769 | 336 | - | 1,308 | 1,249 | 5,340 | 47,554 | 18,321 | - | 95 | 130 | - |
| Moca | - | - | - | - | - | - | - | - | 315 | 16,948 | 4,191 | 50 | - | - | - |
| Morovis | 274 | - | - | - | - | - | 42 | - | 1,447 | 35,503 | 8,645 | - | 46 | 46 | - |
| Naguabo | 57 | 57 | - | - | - | - | 106 | 106 | 709 | 28,938 | 8,056 | - | 146 | 152 | - |
| Naranjito | - | - | - | - | - | - | - | - | 8,936 | 57,267 | 29,139 | - | 164 | 164 | - |
| Orocovis | - | - | - | - | - | - | 1,390 | - | 22,340 | 93,998 | 22,229 | 2,016 | 63 | 103 | - |
| Panilas | - | - | - | - | - | - | 2,299 | 935 | 62,529 | 50,072 | 7,408 | - | 54 | 55 | - |
| Peñuelas | - | - | - | 5,763 | 987 | 20,000 | 183 | 35 | 17,198 | 30,398 | 4,896 | - | - | - | - |
| Ponce | - | - | - | 11,556 | 3,587 | 2,500 | 255 | - | 29,580 | 93,723 | 19,310 | - | - | - | - |
| Quebradillas | - | - | - | - | - | - | 24 | - | 312 | 22,623 | 7,819 | 165 | 83 | 83 | - |
| Rincón | - | - | - | - | - | - | - | - | 10,020 | 7,625 | 3,201 | - | - | - | - |
| Rio Grande | - | - | - | - | - | - | 43 | - | 21,337 | 22,642 | 5,886 | 715 | 494 | 534 | - |
| Sabana Grande | - | - | - | 599 | 61 | 5 | 811 | 773 | 16,113 | 11,199 | 3,453 | 39 | - | - | - |
| Salinas | - | - | - | - | - | - | 30 | - | 54,522 | 67,306 | 15,764 | - | 21 | 21 | - |
| San Germán | - | - | - | 481 | 440 | - | 926 | - | 41,158 | 13,888 | 3,892 | 92 | 25 | 24 | - |
| San Juan | 1,662 | 1,662 | - | - | - | - | - | - | 12,655 | 169,768 | 40,848 | 14,874 | 3,363 | 3,173 | - |
| San Lorenzo | 325 | - | - | - | - | - | 255 | - | 41,654 | 42,423 | 8,828 | - | 184 | 149 | - |
| San Sebastián | 161 | - | - | - | - | - | - | - | 566 | 21,299 | 9,643 | 538 | - | - | - |
| Santa Isabel | - | - | - | - | - | - | - | - | 16,281 | 27,885 | 7,480 | - | - | - | - |
| Toa Alta | 45 | 45 | - | - | - | - | 55 | - | 32,373 | 21,704 | 7,111 | 38 | 87 | 88 | - |
| Toa Baja | 427 | - | - | - | - | - | - | - | 2,328 | 48,896 | 7,626 | - | 107 | 118 | - |
| Trujillo Alto | - | - | - | - | - | - | 50 | - | 654 | 35,184 | 10,892 | - | 129 | 130 | - |
| Utuado | - | - | - | 55 | 55 | - | - | - | 24,938 | 108,180 | 18,399 | 700 | 30 | 61 | - |
| Vega Alta | - | - | - | - | - | - | - | - | 4,110 | 8,943 | 4,516 | - | 118 | 118 | - |
| Vega Baja | - | - | - | - | - | - | 21 | - | 930 | 35,936 | 7,542 | - | 141 | 140 | - |
| Vieques | - | - | - | - | - | - | - | - | 895 | 65,294 | 17,594 | - | 72 | 78 | - |
| Villalba | - | - | - | - | - | - | 1,153 | 536 | 12,056 | 44,428 | 16,142 | - | 6 | 6 | - |
| Yabucoa | 239 | 228 | - | - | - | - | 92 | 92 | 57,398 | 101,673 | 34,637 | 15,270 | 42 | 43 | - |
| Yauco | - | - | - | 5,112 | 540 | 1,000 | 967 | - | 8,145 | 86,424 | 10,982 | - | 150 | 161 | - |

Appendix 5: Real Property Tax Exemptions by State and Type²⁵

| State | General | Senior | Disability-related | Military duty-related | Other | None |
|----------------------|---------|--------|--------------------|-----------------------|-------|------|
| Total | 21 | 18 | 22 | 37 | 15 | 4 |
| Alabama | X | X | X | X | | |
| Alaska | | X | | X | X | |
| Arizona | | | X | | X | |
| Arkansas | | | | X | | |
| California | X | | | X | | |
| Colorado | | X | | X | | |
| Connecticut | | | X | X | | |
| Delaware | | X | | | | |
| District of Columbia | X | | | | | |
| Florida | X | | X | X | X | |
| Georgia | X | X | | X | | |
| Hawaii | X | X | | | | |
| Idaho | X | | | X | | |
| Illinois | X | X | X | X | X | |
| Indiana | X | X | X | X | X | |
| Iowa | | | | X | | |
| Kansas | | | | | X | |
| Kentucky | | | | | | X |
| Louisiana | X | | | X | X | |
| Maine | X | | X | X | | |
| Maryland | | | X | X | | |
| Massachusetts | X | X | X | X | X | |
| Michigan | X | | | | X | |
| Minnesota | X | | | X | | |
| Mississippi | X | X | X | X | | |
| Missouri | | | | | | X |
| Montana | | | | | | X |
| Nebraska | | | | X | | |
| Nevada | | | X | X | X | |
| New Hampshire | | X | X | | | |
| New Jersey | | | | X | | |
| New Mexico | X | | | X | | |
| New York | | X | X | X | X | |
| North Carolina | | X | X | X | | |
| North Dakota | | | X | X | X | |
| Ohio | | X | X | X | | |
| Oklahoma | X | | | X | X | |
| Oregon | | | | X | | |
| Pennsylvania | X | | | X | | |
| Rhode Island | | | X | X | | |
| South Carolina | | X | X | X | X | |
| South Dakota | | | | X | | |
| Tennessee | | | | | | X |
| Texas | X | | | X | | |
| Utah | X | | X | | | |
| Vermont | | | | X | | |
| Virginia | | X | X | X | X | |
| Washington | | X | X | X | | |
| West Virginia | | X | X | | | |
| Wisconsin | X | | | | | |
| Wyoming | | | | X | | |

Notes:

- Disability-related exemptions include general disability, blindness, and deafness
- Military duty-related exemptions include veterans, disabled veterans, widow of the veteran, and active duty military
- Other exemptions include widows, low income individuals, law enforcement, and firefighters

²⁵ Source: Lincoln Institute of Land Policy, Residential Property Tax Relief Programs database

Appendix 6: FY2022 Real Property Counts and Values by Municipality

(Dollars in thousands)

| Municipality | Qualifying Property Counts | | | | Property Values | | | | | FY2022 Billing and Collections | | |
|--------------|----------------------------|---------------|----------------|----------------|---------------------|----------------------|----------------------|--------------------|--------------|--------------------------------|----------------------|-----------------|
| | Total | Exemptions | Exonerations | Taxable | Total | Exemptions | Exonerations | Net Taxable | % Taxable | Billing | Total Tax Collection | Collection Rate |
| Total | 1,335,232 | 58,577 | 770,128 | 697,244 | \$19,797,686 | (\$4,133,243) | (\$7,273,731) | \$8,390,711 | 42.4% | \$839,215 | \$742,499 | 68.8% |
| Adjuntas | 6,526 | 362 | 2,914 | 4,290 | 41,384 | (1,945) | (20,001) | 19,439 | 47.0% | 1,581.05 | 1,323.50 | 60.7% |
| Aguada | 16,170 | 273 | 7,717 | 9,928 | 134,987 | (7,142) | (64,171) | 63,674 | 47.2% | 4,850.37 | 4,332.92 | 59.0% |
| Aguadilla | 26,299 | 695 | 13,235 | 15,138 | 344,512 | (90,050) | (117,247) | 137,215 | 39.8% | 13,331.01 | 12,716.76 | 63.2% |
| Aguas Buenas | 9,318 | 183 | 4,688 | 5,899 | 72,511 | (2,584) | (38,554) | 31,373 | 43.3% | 3,225.09 | 2,612.58 | 58.7% |
| Aibonito | 9,422 | 350 | 5,473 | 4,536 | 93,397 | (18,706) | (44,373) | 30,318 | 32.5% | 2,901.97 | 2,488.20 | 64.6% |
| Añasco | 10,304 | 216 | 5,537 | 5,768 | 110,713 | (16,852) | (47,476) | 46,385 | 41.9% | 4,549.76 | 3,463.08 | 57.2% |
| Arecibo | 34,887 | 1,099 | 19,012 | 17,676 | 418,810 | (85,758) | (166,292) | 166,761 | 39.8% | 18,360.82 | 14,666.40 | 57.3% |
| Arroyo | 7,750 | 408 | 4,726 | 2,910 | 63,271 | (3,485) | (37,666) | 22,121 | 35.0% | 2,298.19 | 1,842.37 | 58.1% |
| Barceloneta | 9,368 | 504 | 6,058 | 3,493 | 501,345 | (367,208) | (50,547) | 83,591 | 16.7% | 7,355.94 | 5,370.00 | 62.1% |
| Barranquitas | 5,752 | 214 | 2,803 | 3,350 | 50,435 | (6,325) | (23,158) | 20,952 | 41.5% | 1,978.25 | 1,671.74 | 60.8% |
| Bayamón | 71,677 | 1,469 | 48,712 | 30,521 | 1,078,024 | (82,870) | (493,364) | 501,790 | 46.5% | 45,819.22 | 42,153.31 | 72.5% |
| Cabo Rojo | 30,960 | 776 | 13,102 | 19,915 | 274,727 | (10,764) | (119,177) | 144,785 | 52.7% | 14,286.87 | 13,583.66 | 68.3% |
| Caguas | 49,289 | 1,264 | 33,784 | 23,319 | 746,505 | (52,901) | (334,651) | 358,953 | 48.1% | 36,307.38 | 31,685.80 | 71.8% |
| Cannoy | 12,701 | 428 | 6,317 | 7,023 | 99,722 | (3,018) | (52,414) | 44,290 | 44.4% | 3,780.86 | 3,280.53 | 57.2% |
| Canóvanas | 15,911 | 1,223 | 9,394 | 8,148 | 198,968 | (17,582) | (91,027) | 90,358 | 45.4% | 9,421.13 | 7,679.59 | 65.2% |
| Carolina | 65,028 | 1,878 | 43,307 | 31,472 | 1,372,635 | (373,004) | (470,799) | 528,832 | 38.5% | 59,319.21 | 53,180.36 | 70.8% |
| Cataño | 6,501 | 226 | 4,647 | 3,109 | 161,031 | (30,604) | (45,400) | 85,027 | 52.8% | 7,209.49 | 6,549.08 | 77.2% |
| Cayey | 17,455 | 723 | 10,015 | 9,751 | 222,155 | (39,143) | (88,330) | 94,682 | 42.6% | 10,034.59 | 9,242.98 | 74.9% |
| Ceiba | 6,195 | 390 | 3,493 | 2,890 | 93,963 | (39,966) | (30,381) | 23,616 | 25.1% | 2,186.02 | 2,020.17 | 67.4% |
| Ciales | 6,701 | 233 | 3,121 | 4,037 | 47,199 | (3,082) | (22,643) | 21,474 | 45.5% | 2,232.46 | 1,643.66 | 52.2% |
| Cidra | 14,774 | 326 | 8,413 | 8,194 | 210,675 | (61,930) | (75,112) | 73,632 | 35.0% | 9,302.81 | 7,235.68 | 61.7% |
| Coamo | 15,097 | 698 | 9,136 | 6,832 | 129,085 | (11,734) | (74,794) | 42,557 | 33.0% | 4,676.72 | 3,751.46 | 55.7% |
| Comerio | 4,139 | 243 | 2,040 | 2,247 | 33,771 | (1,460) | (15,368) | 16,943 | 50.2% | 1,343.27 | 1,090.53 | 56.0% |
| Corozal | 8,307 | 143 | 4,298 | 4,700 | 67,810 | (2,351) | (33,757) | 31,703 | 46.8% | 3,055.69 | 2,757.35 | 59.5% |
| Culebra | 1,484 | 164 | 230 | 1,163 | 13,398 | (853) | (1,602) | 10,944 | 81.7% | 962.00 | 897.32 | 65.6% |
| Dorado | 13,599 | 922 | 8,405 | 7,673 | 310,188 | (47,384) | (91,718) | 171,086 | 55.2% | 17,361.23 | 16,605.39 | 75.6% |
| Fajardo | 17,737 | 919 | 10,093 | 8,432 | 263,427 | (50,183) | (94,029) | 119,215 | 45.3% | 11,809.10 | 10,715.40 | 70.0% |
| Florida | 4,129 | 153 | 2,526 | 1,745 | 31,478 | (1,054) | (20,024) | 10,399 | 33.0% | 1,065.96 | 839.99 | 54.8% |
| Guánica | 8,101 | 931 | 4,543 | 3,163 | 73,181 | (9,432) | (34,111) | 29,637 | 40.5% | 3,073.34 | 1,919.57 | 42.9% |
| Guayama | 17,829 | 1,274 | 10,326 | 7,324 | 602,526 | (400,087) | (85,279) | 117,161 | 19.4% | 12,106.79 | 9,726.51 | 65.7% |
| Guayamilla | 6,545 | 422 | 3,700 | 2,929 | 56,350 | (9,404) | (27,183) | 19,763 | 35.1% | 2,098.60 | 1,691.41 | 55.6% |
| Guaynabo | 34,168 | 1,613 | 21,439 | 24,391 | 849,564 | (60,944) | (271,255) | 517,365 | 60.9% | 50,171.10 | 46,168.45 | 78.9% |
| Gurabo | 16,618 | 897 | 11,465 | 8,614 | 253,049 | (43,121) | (120,011) | 89,918 | 35.5% | 10,644.09 | 9,655.99 | 74.7% |
| Hatillo | 13,543 | 432 | 7,564 | 6,960 | 146,576 | (7,317) | (66,170) | 73,088 | 49.9% | 6,009.47 | 5,281.03 | 68.4% |
| Hormigueros | 6,873 | 182 | 4,295 | 2,988 | 79,582 | (4,780) | (38,829) | 35,973 | 45.2% | 2,973.89 | 2,650.31 | 72.1% |
| Humacao | 24,298 | 1,216 | 13,308 | 13,595 | 423,465 | (104,442) | (131,284) | 187,740 | 44.3% | 16,355.76 | 15,090.37 | 72.0% |
| Isabela | 22,135 | 644 | 10,876 | 12,541 | 446,194 | (266,555) | (89,822) | 89,817 | 20.1% | 7,266.19 | 6,808.29 | 65.9% |
| Jayuya | 4,692 | 284 | 2,438 | 2,599 | 39,288 | (5,973) | (18,871) | 14,444 | 36.8% | 1,392.15 | 1,001.60 | 49.1% |
| Juana Díaz | 18,188 | 1,069 | 12,225 | 6,473 | 250,424 | (88,354) | (102,678) | 59,392 | 23.7% | 5,535.04 | 4,496.22 | 56.1% |

| Municipality | Qualifying Property Counts | | | | Property Values | | | | | FY2022 Billing and Collections | | |
|---------------|----------------------------|---------------|----------------|----------------|---------------------|----------------------|----------------------|--------------------|--------------|--------------------------------|----------------------|-----------------|
| | Total | Exemptions | Exonerations | Taxable | Total | Exemptions | Exonerations | Net Taxable | % Taxable | Billing | Total Tax Collection | Collection Rate |
| Total | 1,335,232 | 58,577 | 770,128 | 697,244 | \$19,797,686 | (\$4,133,243) | (\$7,273,731) | \$8,390,711 | 42.4% | \$839,215 | \$742,499 | 68.8% |
| Juncos | 14,761 | 983 | 9,566 | 5,829 | 608,778 | (455,104) | (87,617) | 66,057 | 10.9% | 7,387.82 | 6,160.12 | 70.3% |
| Lajas | 12,241 | 381 | 5,931 | 6,923 | 93,097 | (5,320) | (47,566) | 40,211 | 43.2% | 4,868.86 | 3,954.93 | 60.7% |
| Lares | 9,230 | 240 | 4,401 | 5,823 | 68,908 | (3,768) | (35,186) | 29,955 | 43.5% | 3,037.32 | 2,759.22 | 59.4% |
| Las Marias | 3,493 | 137 | 1,432 | 2,539 | 23,062 | (1,115) | (10,525) | 11,422 | 49.5% | 938.71 | 739.38 | 49.4% |
| Las Piedras | 14,050 | 802 | 8,858 | 6,849 | 213,919 | (64,936) | (87,748) | 61,235 | 28.6% | 8,496.12 | 5,913.75 | 46.4% |
| Loiza | 8,351 | 888 | 4,562 | 3,469 | 82,991 | (8,441) | (39,531) | 35,020 | 42.2% | 3,905.37 | 2,908.33 | 57.7% |
| Luquillo | 9,812 | 497 | 5,070 | 5,785 | 115,643 | (6,496) | (50,552) | 58,595 | 50.7% | 5,115.31 | 4,824.83 | 71.9% |
| Manatí | 15,377 | 336 | 8,677 | 7,849 | 283,649 | (110,638) | (77,403) | 95,607 | 33.7% | 8,231.92 | 7,773.40 | 70.5% |
| Maricao | 1,893 | 101 | 697 | 1,333 | 13,940 | (1,951) | (4,482) | 7,508 | 53.9% | 750.90 | 605.03 | 54.1% |
| Maunabo | 4,734 | 489 | 2,390 | 2,233 | 36,517 | (2,971) | (19,446) | 14,101 | 38.6% | 1,310.79 | 1,162.31 | 65.1% |
| Mayaguez | 35,730 | 1,044 | 16,505 | 22,784 | 442,465 | (51,742) | (148,095) | 242,628 | 54.8% | 25,295.86 | 23,430.95 | 69.4% |
| Moca | 15,098 | 275 | 7,186 | 9,289 | 107,091 | (5,802) | (58,505) | 42,784 | 40.0% | 4,152.39 | 3,492.81 | 60.9% |
| Morovis | 7,757 | 212 | 4,763 | 3,661 | 68,950 | (1,441) | (40,358) | 27,150 | 39.4% | 2,904.81 | 2,525.12 | 60.6% |
| Naguabo | 10,372 | 536 | 6,111 | 4,825 | 104,319 | (10,815) | (54,976) | 38,528 | 36.9% | 3,745.44 | 3,322.45 | 62.7% |
| Naranjito | 7,033 | 160 | 3,633 | 4,185 | 57,835 | (1,507) | (29,830) | 26,498 | 45.8% | 2,564.34 | 2,244.59 | 62.9% |
| Orocovis | 6,441 | 99 | 2,875 | 4,306 | 47,311 | (1,856) | (22,882) | 22,573 | 47.7% | 1,838.32 | 1,544.23 | 62.4% |
| Patillas | 7,322 | 286 | 4,138 | 3,439 | 52,999 | (2,299) | (31,503) | 19,197 | 36.2% | 2,039.45 | 1,660.92 | 57.0% |
| Peñuelas | 7,802 | 759 | 4,362 | 3,312 | 300,700 | (219,995) | (30,652) | 50,052 | 16.6% | 4,160.48 | 4,127.45 | 82.3% |
| Ponce | 58,076 | 4,229 | 35,195 | 24,571 | 831,185 | (145,756) | (308,007) | 377,421 | 45.4% | 42,542.86 | 33,925.61 | 64.9% |
| Quebradillas | 10,858 | 213 | 5,647 | 5,985 | 88,198 | (2,446) | (47,023) | 38,728 | 43.9% | 2,888.58 | 2,452.26 | 57.9% |
| Rincón | 8,730 | 211 | 3,449 | 5,997 | 79,973 | (7,148) | (28,737) | 44,088 | 55.1% | 4,405.85 | 3,970.64 | 67.9% |
| Río Grande | 22,789 | 1,389 | 12,085 | 12,109 | 313,912 | (56,601) | (121,056) | 136,255 | 43.4% | 14,221.90 | 12,236.96 | 62.2% |
| Sabana Grande | 9,484 | 264 | 5,688 | 4,409 | 79,803 | (6,722) | (46,928) | 26,153 | 32.8% | 2,605.49 | 2,279.38 | 65.6% |
| Salinas | 12,731 | 1,120 | 7,024 | 5,261 | 109,893 | (16,725) | (54,833) | 38,335 | 34.9% | 4,031.92 | 2,751.79 | 48.5% |
| San Germán | 13,809 | 339 | 7,087 | 8,020 | 126,061 | (9,480) | (62,369) | 54,212 | 43.0% | 5,264.37 | 4,331.76 | 62.7% |
| San Juan | 143,005 | 6,051 | 78,366 | 88,693 | 2,941,389 | (320,610) | (877,660) | 1,743,120 | 59.3% | 169,704.88 | 160,245.67 | 75.0% |
| San Lorenzo | 14,165 | 518 | 8,474 | 7,309 | 126,605 | (9,051) | (73,310) | 44,243 | 34.9% | 4,617.31 | 3,685.49 | 62.7% |
| San Sebastián | 19,427 | 434 | 9,174 | 12,086 | 153,874 | (11,624) | (77,019) | 65,232 | 42.4% | 6,002.12 | 5,028.15 | 61.9% |
| Santa Isabel | 9,017 | 691 | 5,640 | 3,125 | 88,927 | (16,009) | (45,517) | 27,401 | 30.8% | 3,030.30 | 2,510.45 | 61.6% |
| Toa Alta | 21,975 | 955 | 15,642 | 10,783 | 263,398 | (13,079) | (166,811) | 83,508 | 31.7% | 9,479.56 | 8,692.74 | 70.3% |
| Toa Baja | 25,820 | 1,458 | 18,728 | 8,814 | 330,675 | (16,020) | (175,428) | 139,227 | 42.1% | 15,671.40 | 13,297.43 | 65.2% |
| Trujillo Alto | 23,329 | 706 | 15,937 | 12,028 | 321,607 | (17,837) | (177,318) | 126,451 | 39.3% | 13,507.72 | 11,366.04 | 67.7% |
| Utuado | 9,794 | 279 | 4,365 | 6,340 | 67,459 | (1,419) | (32,929) | 33,111 | 49.1% | 2,758.50 | 2,375.46 | 57.1% |
| Vega Alta | 11,824 | 1,135 | 6,719 | 6,136 | 162,984 | (17,083) | (64,907) | 80,993 | 49.7% | 6,833.45 | 5,544.25 | 59.4% |
| Vega Baja | 20,895 | 1,503 | 14,200 | 7,789 | 227,114 | (26,639) | (119,378) | 81,098 | 35.7% | 9,114.45 | 6,659.68 | 54.3% |
| Vieques | 5,532 | 1,867 | 1,580 | 2,572 | 41,568 | (9,822) | (11,075) | 20,671 | 49.7% | 2,197.84 | 2,164.46 | 63.5% |
| Villalba | 6,136 | 279 | 3,607 | 2,852 | 52,278 | (3,862) | (29,100) | 19,316 | 36.9% | 1,805.76 | 1,663.22 | 59.7% |
| Yabucoa | 11,476 | 685 | 6,528 | 5,443 | 106,352 | (12,724) | (54,490) | 39,138 | 36.8% | 4,057.27 | 3,076.70 | 54.1% |
| Yauco | 14,393 | 580 | 8,461 | 6,753 | 155,929 | (26,042) | (73,411) | 56,476 | 36.2% | 5,496.75 | 5,201.59 | 66.3% |

Appendix 7: Incentive Laws Overview

The Government has enacted various laws that provide economic incentives to eligible businesses and companies to encourage job creation and investment. The Government enacted Act 60-2019 to consolidate dozens of decrees, incentives, subsidies, refunds, and existing tax benefits. The table below summarizes the most significant incentives provided by the Government under Act 60-2019, as identified in CRIM’s 2020 Financial Statements, that impact property taxes.

| Sub-section of Act 60-2019 | Purpose | Exemptions impacting property taxes |
|--|--|---|
| <p><u>Manufacturing:</u> Subtitle B – Chapter 4 and Subtitle C – Chapter 2 <i>(Previously Act 73-2008)</i></p> | <p>Offers an attractive tax structure to attract direct foreign investment to promote the economic development and social betterment of Puerto Rico</p> | <ul style="list-style-type: none"> Applicable businesses are entitled to a 75% exemption on property taxes |
| <p><u>Tourism and Other Industries:</u> Subtitle B – Chapter 5 and 11, Subtitle C – Chapter 1, and Subtitle E – Chapter 1 <i>(Previously Act 74-2010)</i></p> | <p>Reduce construction and operation costs, and facilitate the investment of tourism-related businesses to make Puerto Rico a world-class tourist destination</p> | <ul style="list-style-type: none"> Any property devoted to tourism is entitled to a 75% exemption on property taxes for a 15-year period |
| <p><u>Tourism:</u> Subtitle B – Chapter 5 <i>(Previously Act 118-2010)</i></p> | <p>Foster the economic development of municipalities</p> | <ul style="list-style-type: none"> Any tourist facility that operates games of chances is entitled to a 75% exemption on property taxes |
| <p><u>Creative Industries:</u> Subtitle B – Chapter 9, Subtitle C – Chapter 5, and Subtitle E – Chapter 1 <i>(Previously Act 27-2011)</i></p> | <p>Provide an adequate framework for the continued development of the film industry and other related activities by fostering economic development and investments</p> | <ul style="list-style-type: none"> Personal and real properties devoted to the film industry are entitled to a 75% exemption on taxes |
| <p><u>Export Services:</u> Subtitle B – Chapter 3 and Subtitle E – Chapter 1 <i>(Previously Act 20-2012)</i></p> | <p>Develop Puerto Rico as an international service center, encourage local professionals to stay and return, and attract foreign capital</p> | <ul style="list-style-type: none"> Personal and real properties used in the operation of the activities covered by these sub-sections are entitled to a 75% exemption on taxes |
| <p><u>Agriculture:</u> Subtitle B – Chapter 8 <i>(Previously Act 225-1995)</i></p> | <p>Provide “bona fide farmers” with exemptions to promote agricultural development</p> | <ul style="list-style-type: none"> Personal and real properties used for agricultural businesses are entitled to a 100% exemption on taxes |
| <p><u>Green Energy:</u> Subtitle B – Chapter 7 and Subtitle E – Chapter 1 <i>(Previously Act 83-2010)</i></p> | <p>Establish measures aimed at fostering the development of sustainable energy systems</p> | <ul style="list-style-type: none"> Eligible businesses and companies are entitled to a 75% exemption on property taxes |

Appendix 8: FY2023 Real Property Statutory Tax Rates by Municipality

| | Basic Municipal Contribution | State Redemption Fund (GO) | Special Additional Tax (CAE) | Total Pre-discount | Discount | Total Rate (Post-Discount) |
|--------------|---------------------------------|-------------------------------|---------------------------------|-----------------------|----------|-------------------------------|
| | A | B | C | D = A + B + C | E | F = D + E |
| Adjuntas | 6.00% | 1.03% | 1.50% | 8.53% | (0.20%) | 8.33% |
| Aguada | 6.00% | 1.03% | 2.00% | 9.03% | (0.20%) | 8.83% |
| Aguadilla | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Aguas Buenas | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Aibonito | 6.00% | 1.03% | 2.50% | 9.53% | (0.20%) | 9.33% |
| Añasco | 6.00% | 1.03% | 2.85% | 9.88% | (0.20%) | 9.68% |
| Arecibo | 6.00% | 1.03% | 4.80% | 11.83% | (0.20%) | 11.63% |
| Arroyo | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Barceloneta | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Barranquitas | 6.00% | 1.03% | 2.50% | 9.53% | (0.20%) | 9.33% |
| Bayamón | 6.00% | 1.03% | 2.75% | 9.78% | (0.20%) | 9.58% |
| Cabo Rojo | 6.00% | 1.03% | 3.25% | 10.28% | (0.20%) | 10.08% |
| Caguas | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Camuy | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Canóvanas | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Carolina | 6.00% | 1.03% | 4.50% | 11.53% | (0.20%) | 11.33% |
| Cataño | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Cayey | 6.00% | 1.03% | 3.75% | 10.78% | (0.20%) | 10.58% |
| Ceiba | 6.00% | 1.03% | 2.50% | 9.53% | (0.20%) | 9.33% |
| Ciales | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Cidra | 6.00% | 1.03% | 5.50% | 12.53% | (0.20%) | 12.33% |
| Coamo | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Comerio | 6.00% | 1.03% | 2.25% | 9.28% | (0.20%) | 9.08% |
| Corozal | 6.00% | 1.03% | 3.00% | 10.03% | (0.20%) | 9.83% |
| Culebra | 6.00% | 1.03% | 2.00% | 9.03% | (0.20%) | 8.83% |
| Dorado | 6.00% | 1.03% | 3.75% | 10.78% | (0.20%) | 10.58% |
| Fajardo | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Florida | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Guánica | 6.00% | 1.03% | 3.75% | 10.78% | (0.20%) | 10.58% |
| Guayama | 6.00% | 1.03% | 3.25% | 10.28% | (0.20%) | 10.08% |
| Guayanilla | 6.00% | 1.03% | 4.00% | 11.03% | (0.20%) | 10.83% |
| Guaynabo | 6.00% | 1.03% | 3.25% | 10.28% | (0.20%) | 10.08% |
| Gurabo | 6.00% | 1.03% | 5.00% | 12.03% | (0.20%) | 11.83% |
| Hatillo | 5.72% | 1.03% | 2.50% | 9.25% | (0.20%) | 9.05% |
| Hormigueros | 6.00% | 1.03% | 3.00% | 10.03% | (0.20%) | 9.83% |
| Humacao | 6.00% | 1.03% | 2.00% | 9.03% | (0.20%) | 8.83% |
| Isabela | 6.00% | 1.03% | 2.50% | 9.53% | (0.20%) | 9.33% |
| Jayuya | 6.00% | 1.03% | 1.25% | 8.28% | (0.20%) | 8.08% |
| Juana Díaz | 6.00% | 1.03% | 2.50% | 9.53% | (0.20%) | 9.33% |

| | Basic Municipal Contribution | State Redemption Fund (GO) | Special Additional Tax (CAE) | Total Pre-discount | Discount | Total Rate (Post-Discount) |
|---------------|------------------------------|----------------------------|------------------------------|--------------------|----------|----------------------------|
| | A | B | C | D = A + B + C | E | F = D + E |
| Juncos | 6.00% | 1.03% | 4.50% | 11.53% | (0.20%) | 11.33% |
| Lajas | 6.00% | 1.03% | 5.50% | 12.53% | (0.20%) | 12.33% |
| Lares | 6.00% | 1.03% | 3.25% | 10.28% | (0.20%) | 10.08% |
| Las Marias | 6.00% | 1.03% | 1.35% | 8.38% | (0.20%) | 8.18% |
| Las Piedras | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Loiza | 6.00% | 1.03% | 4.90% | 11.93% | (0.20%) | 11.73% |
| Luquillo | 6.00% | 1.03% | 2.50% | 9.53% | (0.20%) | 9.33% |
| Manatí | 6.00% | 1.03% | 2.75% | 9.78% | (0.20%) | 9.58% |
| Maricao | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Maunabo | 6.00% | 1.03% | 3.00% | 10.03% | (0.20%) | 9.83% |
| Mayagüez | 6.00% | 1.03% | 3.75% | 10.78% | (0.20%) | 10.58% |
| Moca | 6.00% | 1.03% | 2.75% | 9.78% | (0.20%) | 9.58% |
| Morovis | 6.00% | 1.03% | 4.00% | 11.03% | (0.20%) | 10.83% |
| Naguabo | 6.00% | 1.03% | 3.00% | 10.03% | (0.20%) | 9.83% |
| Naranjito | 6.00% | 1.03% | 3.00% | 10.03% | (0.20%) | 9.83% |
| Orocovis | 6.00% | 1.03% | 1.20% | 8.23% | (0.20%) | 8.03% |
| Patillas | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Peñuelas | 6.00% | 1.03% | 1.75% | 8.78% | (0.20%) | 8.58% |
| Ponce | 6.00% | 1.03% | 5.50% | 12.53% | (0.20%) | 12.33% |
| Quebradillas | 6.00% | 1.03% | 2.00% | 9.03% | (0.20%) | 8.83% |
| Rincón | 6.00% | 1.03% | 4.00% | 11.03% | (0.20%) | 10.83% |
| Río Grande | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Sabana Grande | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Salinas | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| San Germán | 6.00% | 1.03% | 3.25% | 10.28% | (0.20%) | 10.08% |
| San Juan | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| San Lorenzo | 6.00% | 1.03% | 3.40% | 10.43% | (0.20%) | 10.23% |
| San Sebastián | 6.00% | 1.03% | 2.25% | 9.28% | (0.20%) | 9.08% |
| Santa Isabel | 6.00% | 1.03% | 4.00% | 11.03% | (0.20%) | 10.83% |
| Toa Alta | 6.00% | 1.03% | 4.50% | 11.53% | (0.20%) | 11.33% |
| Toa Baja | 6.00% | 1.03% | 5.00% | 12.03% | (0.20%) | 11.83% |
| Trujillo Alto | 6.00% | 1.03% | 3.75% | 10.78% | (0.20%) | 10.58% |
| Utuado | 6.00% | 1.03% | 2.00% | 9.03% | (0.20%) | 8.83% |
| Vega Alta | 6.00% | 1.03% | 1.85% | 8.88% | (0.20%) | 8.68% |
| Vega Baja | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |
| Vieques | 6.00% | 1.03% | 5.00% | 12.03% | (0.20%) | 11.83% |
| Villalba | 6.00% | 1.03% | 2.75% | 9.78% | (0.20%) | 9.58% |
| Yabucoa | 6.00% | 1.03% | 4.00% | 11.03% | (0.20%) | 10.83% |
| Yauco | 6.00% | 1.03% | 3.50% | 10.53% | (0.20%) | 10.33% |

Appendix 9: Current Year Real Property Collection Rates by Municipality

| Real Property Tax Collection Rate (Current Year) | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|
| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| Average | 68% | 68% | 67% | 68% | 65% | 67% | 69% |
| Adjuntas | 54% | 55% | 53% | 55% | 55% | 60% | 61% |
| Aguada | 55% | 55% | 53% | 56% | 56% | 57% | 59% |
| Aguadilla | 62% | 63% | 59% | 60% | 59% | 61% | 63% |
| Aguas Buenas | 53% | 54% | 54% | 57% | 52% | 54% | 59% |
| Aibonito | 61% | 59% | 63% | 62% | 56% | 62% | 65% |
| Añasco | 58% | 61% | 58% | 58% | 55% | 56% | 57% |
| Arecibo | 55% | 58% | 54% | 53% | 52% | 53% | 57% |
| Arroyo | 57% | 57% | 55% | 59% | 55% | 56% | 58% |
| Barceloneta | 66% | 69% | 55% | 56% | 59% | 63% | 62% |
| Barranquitas | 59% | 63% | 60% | 61% | 58% | 59% | 61% |
| Bayamón | 73% | 74% | 71% | 71% | 68% | 71% | 72% |
| Cabo Rojo | 62% | 66% | 64% | 67% | 65% | 66% | 68% |
| Caguas | 71% | 72% | 76% | 74% | 70% | 70% | 72% |
| Camuy | 54% | 56% | 55% | 57% | 53% | 56% | 57% |
| Canóvanas | 64% | 61% | 64% | 62% | 58% | 64% | 65% |
| Carolina | 73% | 75% | 73% | 72% | 70% | 69% | 71% |
| Cataño | 73% | 77% | 77% | 84% | 77% | 77% | 77% |
| Cayey | 71% | 69% | 66% | 72% | 71% | 75% | 75% |
| Ceiba | 67% | 69% | 67% | 68% | 64% | 67% | 67% |
| Ciales | 54% | 48% | 45% | 46% | 47% | 49% | 52% |
| Cidra | 63% | 62% | 63% | 63% | 61% | 59% | 62% |
| Coamo | 59% | 61% | 61% | 61% | 57% | 54% | 56% |
| Comerio | 59% | 60% | 58% | 59% | 55% | 55% | 56% |
| Corozal | 56% | 56% | 54% | 55% | 52% | 53% | 59% |
| Culebra | 55% | 58% | 61% | 63% | 59% | 63% | 66% |
| Dorado | 73% | 75% | 72% | 75% | 70% | 75% | 76% |
| Fajardo | 67% | 68% | 69% | 54% | 65% | 67% | 70% |
| Florida | 48% | 53% | 49% | 49% | 50% | 55% | 55% |
| Guánica | 44% | 43% | 42% | 42% | 39% | 41% | 43% |
| Guayama | 70% | 68% | 66% | 67% | 58% | 64% | 66% |
| Guayanilla | 49% | 47% | 46% | 54% | 49% | 50% | 56% |
| Guaynabo | 79% | 81% | 80% | 81% | 78% | 78% | 79% |
| Gurabo | 68% | 64% | 70% | 69% | 70% | 72% | 75% |
| Hatillo | 66% | 68% | 64% | 66% | 67% | 67% | 68% |
| Hormigueros | 70% | 72% | 70% | 71% | 70% | 70% | 72% |
| Humacao | 70% | 71% | 69% | 70% | 70% | 70% | 72% |
| Isabela | 61% | 62% | 62% | 64% | 62% | 63% | 66% |
| Jayuya | 60% | 58% | 58% | 58% | 45% | 45% | 49% |
| Juana Diaz | 57% | 52% | 57% | 60% | 51% | 52% | 56% |

Real Property Tax Collection Rate (Current Year)

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|----------------|------------|------------|------------|------------|------------|------------|------------|
| Average | 68% | 68% | 67% | 68% | 65% | 67% | 69% |
| Juncos | 44% | 67% | 66% | 68% | 68% | 68% | 70% |
| Lajas | 58% | 58% | 59% | 58% | 57% | 59% | 61% |
| Lares | 56% | 58% | 54% | 58% | 54% | 56% | 59% |
| Las Marias | 51% | 51% | 56% | 53% | 49% | 50% | 49% |
| Las Piedras | 38% | 46% | 49% | 50% | 43% | 43% | 46% |
| Loiza | 58% | 60% | 59% | 60% | 57% | 58% | 58% |
| Luquillo | 70% | 71% | 68% | 70% | 68% | 70% | 72% |
| Manati | 68% | 65% | 66% | 64% | 69% | 68% | 71% |
| Maricao | 50% | 49% | 56% | 64% | 44% | 49% | 54% |
| Maunabo | 65% | 64% | 62% | 63% | 62% | 63% | 65% |
| Mayagüez | 70% | 69% | 68% | 67% | 64% | 67% | 69% |
| Moca | 59% | 60% | 56% | 58% | 56% | 60% | 61% |
| Morovis | 51% | 57% | 60% | 58% | 55% | 58% | 61% |
| Naguabo | 62% | 61% | 60% | 57% | 57% | 59% | 63% |
| Naranjito | 65% | 65% | 70% | 64% | 61% | 61% | 63% |
| Orocovis | 68% | 67% | 63% | 63% | 60% | 66% | 62% |
| Patillas | 56% | 56% | 55% | 54% | 50% | 52% | 57% |
| Peñuelas | 76% | 74% | 75% | 72% | 70% | 71% | 82% |
| Ponce | 68% | 65% | 64% | 66% | 61% | 63% | 65% |
| Quebradillas | 55% | 56% | 54% | 56% | 52% | 56% | 58% |
| Rincón | 66% | 68% | 64% | 67% | 66% | 66% | 68% |
| Río Grande | 60% | 59% | 60% | 64% | 59% | 61% | 62% |
| Sabana Grande | 62% | 67% | 63% | 63% | 60% | 63% | 66% |
| Salinas | 47% | 47% | 48% | 49% | 46% | 47% | 49% |
| San Germán | 63% | 65% | 61% | 64% | 60% | 62% | 63% |
| San Juan | 74% | 72% | 73% | 72% | 71% | 72% | 75% |
| San Lorenzo | 63% | 65% | 65% | 66% | 64% | 64% | 63% |
| San Sebastián | 62% | 61% | 59% | 62% | 59% | 61% | 62% |
| Santa Isabel | 62% | 61% | 63% | 58% | 55% | 56% | 62% |
| Toa Alta | 64% | 68% | 66% | 71% | 68% | 66% | 70% |
| Toa Baja | 65% | 66% | 63% | 65% | 61% | 65% | 65% |
| Trujillo Alto | 66% | 67% | 66% | 67% | 62% | 67% | 68% |
| Utua | 56% | 56% | 54% | 56% | 51% | 54% | 57% |
| Vega Alta | 67% | 67% | 65% | 63% | 64% | 66% | 59% |
| Vega Baja | 53% | 54% | 53% | 55% | 50% | 53% | 54% |
| Vieques | 63% | 63% | 61% | 61% | 56% | 59% | 63% |
| Villalba | 59% | 58% | 55% | 58% | 53% | 55% | 60% |
| Yabucoa | 56% | 53% | 53% | 52% | 48% | 51% | 54% |
| Yauco | 61% | 60% | 60% | 64% | 61% | 61% | 66% |

Appendix 10: FY2022 Personal Property Counts and Values by Municipality

(Dollars in thousands)

| Municipality | Qualifying Property Counts | | | | Property Values | | | | | FY2022 Billing and Collections | | |
|--------------|----------------------------|--------------|---------------|---------------|---------------------|----------------------|-------------------|--------------------|--------------|--------------------------------|----------------------|-----------------|
| | Total | Exemptions | Exonerations | Taxable | Total | Exemptions | Exonerations | Net Taxable | % Taxable | Billing | Total Tax Collection | Collection Rate |
| Total | 74,955 | 4,137 | 14,029 | 57,042 | \$14,893,158 | (\$9,319,174) | (\$59,696) | \$5,518,158 | 37.1% | \$450,699 | \$447,312 | 99.2% |
| Adjuntas | 334 | 29 | 91 | 200 | 7,215 | (2,379) | (650) | 4,185 | 58.0% | 265 | 273 | 89.6% |
| Aguada | 1,432 | 36 | 508 | 887 | 29,389 | (2,563) | (2,465) | 24,373 | 82.9% | 1,665 | 2,112 | 113.7% |
| Aguadilla | 1,865 | 96 | 447 | 1,359 | 192,191 | (119,707) | (2,103) | 70,386 | 36.6% | 4,807 | 4,830 | 93.2% |
| Aguas Buenas | 326 | 9 | 94 | 209 | 9,222 | (2,652) | (480) | 6,090 | 66.0% | 507 | 480 | 83.2% |
| Aibonito | 656 | 54 | 215 | 372 | 145,325 | (125,805) | (1,099) | 18,424 | 12.7% | 1,350 | 1,381 | 95.7% |
| Añasco | 702 | 45 | 239 | 421 | 155,898 | (122,674) | (814) | 32,983 | 21.2% | 2,533 | 2,847 | 108.9% |
| Arecibo | 2,003 | 113 | 393 | 1,516 | 246,463 | (159,338) | (2,129) | 85,501 | 34.7% | 7,122 | 6,956 | 91.3% |
| Arroyo | 199 | 10 | 46 | 126 | 55,174 | (43,671) | (204) | 11,299 | 20.5% | 941 | 925 | 86.0% |
| Barceloneta | 581 | 43 | 102 | 446 | 574,098 | (515,432) | (477) | 58,188 | 10.1% | 4,847 | 4,759 | 93.2% |
| Barranquitas | 719 | 39 | 245 | 413 | 15,052 | (1,529) | (984) | 12,539 | 83.3% | 919 | 898 | 92.2% |
| Bayamón | 3,944 | 151 | 387 | 3,478 | 901,232 | (344,481) | (1,802) | 555,089 | 61.6% | 42,076 | 41,526 | 91.4% |
| Cabo Rojo | 1,187 | 60 | 306 | 821 | 54,486 | (20,280) | (1,190) | 33,016 | 60.6% | 2,255 | 2,191 | 92.4% |
| Caguas | 2,753 | 167 | 341 | 2,332 | 520,868 | (225,947) | (1,655) | 293,341 | 56.3% | 24,435 | 23,839 | 89.4% |
| Camuy | 945 | 56 | 274 | 610 | 30,695 | (11,667) | (999) | 18,057 | 58.8% | 1,233 | 1,217 | 88.1% |
| Canóvanas | 579 | 23 | 79 | 472 | 168,985 | (125,007) | (351) | 43,627 | 25.8% | 3,634 | 3,575 | 91.8% |
| Carolina | 3,066 | 138 | 304 | 2,692 | 1,581,877 | (1,224,330) | (1,160) | 356,390 | 22.5% | 33,251 | 32,271 | 88.8% |
| Cataño | 540 | 63 | 59 | 438 | 348,949 | (141,644) | (166) | 207,138 | 59.4% | 17,255 | 16,844 | 94.2% |
| Cayey | 842 | 39 | 145 | 652 | 236,633 | (131,250) | (706) | 104,760 | 44.3% | 8,988 | 8,853 | 94.2% |
| Ceiba | 235 | 16 | 61 | 146 | 11,103 | (5,922) | (224) | 4,957 | 44.6% | 287 | 256 | 80.6% |
| Ciales | 372 | 25 | 89 | 241 | 6,422 | (2,056) | (325) | 4,041 | 62.9% | 337 | 369 | 95.9% |
| Cidra | 666 | 42 | 166 | 462 | 155,506 | (104,519) | (694) | 50,293 | 32.3% | 5,195 | 5,263 | 93.3% |
| Coamo | 646 | 34 | 177 | 422 | 30,629 | (14,772) | (717) | 15,150 | 49.5% | 1,262 | 1,243 | 90.6% |
| Comerio | 276 | 21 | 81 | 161 | 7,810 | (2,618) | (446) | 4,770 | 61.1% | 338 | 324 | 90.0% |
| Corozal | 717 | 27 | 177 | 504 | 21,056 | (6,568) | (497) | 13,991 | 66.4% | 1,095 | 1,143 | 95.3% |
| Culebra | 130 | 6 | 16 | 93 | 2,611 | (154) | (38) | 2,418 | 92.6% | 165 | 156 | 87.5% |
| Dorado | 861 | 78 | 56 | 758 | 139,470 | (86,212) | (361) | 52,896 | 37.9% | 4,671 | 4,664 | 96.0% |
| Fajardo | 922 | 43 | 166 | 712 | 116,502 | (59,749) | (636) | 56,117 | 48.2% | 3,833 | 4,004 | 100.4% |
| Florida | 263 | 11 | 100 | 134 | 4,895 | (2,189) | (260) | 3,196 | 65.3% | 266 | 251 | 83.4% |
| Guánica | 243 | 23 | 74 | 132 | 14,282 | (9,511) | (225) | 4,546 | 31.8% | 390 | 388 | 91.4% |
| Guayama | 768 | 36 | 149 | 578 | 279,191 | (220,438) | (739) | 58,014 | 20.8% | 4,687 | 4,529 | 93.5% |
| Guayanilla | 325 | 17 | 115 | 180 | 34,258 | (27,564) | (259) | 6,436 | 18.8% | 568 | 500 | 77.3% |
| Guaynabo | 2,442 | 176 | 121 | 2,228 | 969,367 | (519,688) | (759) | 448,921 | 46.3% | 36,273 | 38,091 | 100.2% |
| Gurabo | 585 | 24 | 98 | 461 | 206,533 | (164,065) | (425) | 42,221 | 20.4% | 3,306 | 3,676 | 106.7% |
| Hatillo | 1,141 | 76 | 250 | 800 | 103,367 | (14,492) | (1,012) | 87,896 | 85.0% | 6,197 | 6,160 | 85.9% |
| Hormigueros | 442 | 27 | 126 | 282 | 23,514 | (1,488) | (498) | 21,536 | 91.6% | 1,686 | 1,599 | 91.9% |
| Humacao | 1,186 | 65 | 264 | 871 | 311,333 | (201,229) | (960) | 109,144 | 35.1% | 7,455 | 7,269 | 82.7% |
| Isabela | 1,335 | 69 | 394 | 878 | 46,114 | (4,940) | (1,980) | 39,195 | 85.0% | 2,873 | 3,078 | 95.6% |
| Jayuya | 260 | 22 | 86 | 136 | 84,241 | (75,750) | (481) | 8,010 | 9.5% | 487 | 481 | 89.4% |
| Juana Díaz | 671 | 38 | 179 | 443 | 364,007 | (339,641) | (606) | 23,760 | 6.5% | 1,979 | 1,973 | 92.7% |

| Municipality | Qualifying Property Counts | | | | Property Values | | | | | FY2022 Billing and Collections | | |
|---------------|----------------------------|--------------|---------------|---------------|---------------------|----------------------|-------------------|--------------------|--------------|--------------------------------|----------------------|-----------------|
| | Total | Exemptions | Exonerations | Taxable | Total | Exemptions | Exonerations | Net Taxable | % Taxable | Billing | Total Tax Collection | Collection Rate |
| Total | 74,955 | 4,137 | 14,029 | 57,042 | \$14,893,158 | (\$9,319,174) | (\$89,696) | \$5,518,158 | 37.1% | \$450,699 | \$447,312 | 99.2% |
| Juncos | 534 | 24 | 141 | 360 | 1,120,939 | (1,081,339) | (366) | 39,234 | 3.5% | 3,661 | 3,550 | 93.7% |
| Lajas | 492 | 61 | 150 | 273 | 26,884 | (16,968) | (469) | 9,447 | 35.1% | 976 | 1,000 | 95.5% |
| Lares | 632 | 93 | 180 | 347 | 22,593 | (11,409) | (801) | 10,392 | 46.0% | 840 | 861 | 92.8% |
| Las Marias | 161 | 19 | 42 | 84 | 3,623 | (1,106) | (162) | 2,356 | 65.0% | 146 | 137 | 89.5% |
| Las Piedras | 612 | 40 | 140 | 428 | 284,053 | (250,552) | (497) | 33,060 | 11.6% | 2,258 | 2,447 | 94.5% |
| Loiza | 237 | 15 | 37 | 171 | 5,259 | (1,428) | (155) | 3,676 | 69.9% | 358 | 382 | 99.4% |
| Luquillo | 385 | 18 | 60 | 293 | 16,160 | (2,218) | (156) | 13,788 | 85.3% | 942 | 942 | 93.2% |
| Manati | 1,304 | 56 | 192 | 1,058 | 487,115 | (420,417) | (627) | 66,071 | 13.6% | 5,008 | 4,588 | 88.7% |
| Maricao | 109 | 16 | 20 | 55 | 24,086 | (19,280) | (31) | 4,775 | 19.8% | 278 | 270 | 92.7% |
| Maunabo | 163 | 11 | 42 | 94 | 3,112 | (1,217) | (238) | 1,657 | 53.3% | 113 | 176 | 139.0% |
| Mayaguez | 2,075 | 88 | 340 | 1,673 | 246,342 | (78,230) | (1,690) | 166,422 | 67.6% | 14,279 | 14,100 | 90.4% |
| Moca | 1,134 | 69 | 366 | 690 | 44,416 | (21,495) | (1,363) | 21,702 | 48.9% | 1,428 | 1,498 | 93.8% |
| Morovis | 532 | 23 | 182 | 313 | 16,296 | (5,481) | (570) | 10,245 | 62.9% | 725 | 719 | 91.0% |
| Naguabo | 343 | 33 | 87 | 215 | 23,861 | (12,703) | (254) | 11,004 | 46.1% | 719 | 738 | 85.3% |
| Naranjito | 804 | 17 | 228 | 542 | 20,285 | (4,078) | (746) | 15,461 | 76.2% | 1,211 | 1,438 | 97.8% |
| Orocovis | 492 | 17 | 159 | 298 | 9,801 | (2,350) | (562) | 6,890 | 70.3% | 415 | 396 | 90.7% |
| Patillas | 256 | 14 | 80 | 148 | 7,682 | (1,744) | (342) | 5,597 | 72.9% | 466 | 467 | 68.2% |
| Peñuelas | 369 | 19 | 136 | 204 | 134,107 | (115,912) | (349) | 17,845 | 13.3% | 1,174 | 1,109 | 83.8% |
| Ponce | 2,984 | 147 | 530 | 2,361 | 418,563 | (155,387) | (2,579) | 260,799 | 62.3% | 21,725 | 21,241 | 88.7% |
| Quebradillas | 757 | 30 | 275 | 441 | 16,464 | (2,573) | (1,133) | 12,758 | 77.5% | 871 | 902 | 96.3% |
| Rincón | 548 | 26 | 116 | 406 | 18,074 | (8,762) | (593) | 8,720 | 48.2% | 770 | 806 | 94.0% |
| Río Grande | 633 | 36 | 86 | 504 | 81,678 | (45,088) | (407) | 36,306 | 44.5% | 2,480 | 2,323 | 88.9% |
| Sabana Grande | 482 | 35 | 181 | 261 | 37,325 | (27,071) | (461) | 9,793 | 26.2% | 816 | 801 | 94.0% |
| Salinas | 416 | 32 | 102 | 274 | 52,555 | (39,237) | (469) | 12,849 | 24.4% | 1,070 | 1,237 | 93.9% |
| San Germán | 739 | 40 | 233 | 458 | 62,351 | (34,876) | (825) | 26,668 | 42.8% | 2,021 | 2,286 | 100.8% |
| San Juan | 11,144 | 607 | 666 | 10,175 | 2,228,132 | (957,239) | (3,671) | 1,267,752 | 56.9% | 105,604 | 102,602 | 91.8% |
| San Lorenzo | 485 | 27 | 136 | 311 | 130,127 | (99,474) | (583) | 30,070 | 23.1% | 2,475 | 2,357 | 93.5% |
| San Sebastian | 1,314 | 135 | 471 | 717 | 43,624 | (8,297) | (2,018) | 33,375 | 76.5% | 2,446 | 2,611 | 97.0% |
| Santa Isabel | 391 | 36 | 63 | 279 | 98,056 | (63,583) | (280) | 34,379 | 35.1% | 3,036 | 3,067 | 99.3% |
| Toa Alta | 780 | 14 | 156 | 604 | 21,743 | (892) | (661) | 20,190 | 92.9% | 1,682 | 1,759 | 92.7% |
| Toa Baja | 1,375 | 57 | 189 | 1,152 | 336,437 | (198,684) | (901) | 136,853 | 40.7% | 13,453 | 13,505 | 96.2% |
| Trujillo Alto | 775 | 24 | 65 | 677 | 53,287 | (5,147) | (249) | 47,891 | 89.9% | 4,109 | 4,096 | 92.6% |
| Utuado | 594 | 54 | 144 | 389 | 16,817 | (5,110) | (719) | 10,988 | 65.3% | 750 | 803 | 94.7% |
| Vega Alta | 700 | 24 | 99 | 570 | 73,832 | (45,236) | (329) | 28,267 | 38.3% | 1,888 | 1,911 | 97.8% |
| Vega Baja | 1,238 | 47 | 211 | 982 | 245,403 | (188,714) | (911) | 55,778 | 22.7% | 4,646 | 4,559 | 91.9% |
| Vieques | 195 | 16 | 15 | 153 | 6,283 | (2,549) | (79) | 3,655 | 58.2% | 323 | 396 | 98.6% |
| Villalba | 403 | 9 | 158 | 220 | 50,351 | (39,133) | (636) | 10,582 | 21.0% | 881 | 892 | 93.1% |
| Yabucoa | 454 | 42 | 142 | 261 | 139,421 | (127,335) | (547) | 11,539 | 8.3% | 1,019 | 953 | 91.5% |
| Yauco | 755 | 19 | 189 | 535 | 60,059 | (32,936) | (691) | 26,432 | 44.0% | 2,202 | 2,195 | 94.2% |

Appendix 11: Decrees Identified by CRIM

Decrees by Origin

| Total | | 3,887 |
|--|---|---------------------------|
| <u>Central Government</u> | | |
| Act. No. 225-1995 | Agriculture | 973 |
| Act. No. 73-2008 | Economic Incentives Act. of 2008 | 662 |
| Act. No. 135-1997 | Economic Incentives Act. of 1997 | 498 |
| Article 5.01 (e) Act. No. 83-1991 | Non-profit Organizations | 315 |
| Act. No. 255-1995 | Cooperatives | 183 |
| Act. No. 74-2010 | Tourism Development | 143 |
| Others Municipal Tax Grants | Foreign Trade Zone | 143 |
| Act. No. 168-1968 | For-profit Hospital | 129 |
| Act. No. 20-2012 | Law to Promote the Export of Services | 103 |
| Act. No. 83-2010 | Incentives Law for Green Energy | 33 |
| Act. No. 273-2012 | Regulatory Law for the International Financial Center | 23 |
| Article 5.01 (f) Act. No. 83-1991 | Non-profit Hospital | 17 |
| Other Exemptions | Other | 529 |
| Total decrees originating in the Central Government | | 3,751 |
| | | <i>% of the total</i> 97% |
| <u>Municipalities</u> | | |
| Others Municipal Tax Grant (Part 1) | | 52 |
| Others Municipal Tax Grant (Part 2) | | 84 |
| Total decrees originating in the Municipalities | | 136 |
| | | <i>% of the total</i> 3% |

Appendix 12: FY2023 Personal Property Statutory Tax Rates by Municipality

| | Basic Municipal Contribution | State Redemption Fund (GO) | Special Additional Tax (CAE) | Total Pre-discount | Discount | Total Rate (Post-Discount) |
|--------------|---------------------------------|-------------------------------|---------------------------------|-----------------------|----------|-------------------------------|
| | A | B | C | D = A + B + C | E | F = D + E |
| Adjuntas | 4.00% | 1.03% | 1.50% | 6.53% | (0.20%) | 6.33% |
| Aguada | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Aguadilla | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Aguas Buenas | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Aibonito | 4.00% | 1.03% | 2.50% | 7.53% | (0.20%) | 7.33% |
| Añasco | 4.00% | 1.03% | 2.85% | 7.88% | (0.20%) | 7.68% |
| Arecibo | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Arroyo | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Barceloneta | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Barranquitas | 4.00% | 1.03% | 2.50% | 7.53% | (0.20%) | 7.33% |
| Bayamón | 4.00% | 1.03% | 2.75% | 7.78% | (0.20%) | 7.58% |
| Cabo Rojo | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Caguas | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Camuy | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Canóvanas | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Carolina | 4.00% | 1.03% | 4.50% | 9.53% | (0.20%) | 9.33% |
| Cataño | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Cayey | 4.00% | 1.03% | 3.75% | 8.78% | (0.20%) | 8.58% |
| Ceiba | 3.72% | 1.03% | 1.25% | 6.00% | (0.20%) | 5.80% |
| Ciales | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Cidra | 4.00% | 1.03% | 5.50% | 10.53% | (0.20%) | 10.33% |
| Coamo | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Comerio | 4.00% | 1.03% | 2.25% | 7.28% | (0.20%) | 7.08% |
| Corozal | 4.00% | 1.03% | 3.00% | 8.03% | (0.20%) | 7.83% |
| Culebra | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Dorado | 4.00% | 1.03% | 4.00% | 9.03% | (0.20%) | 8.83% |
| Fajardo | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Florida | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Guánica | 4.00% | 1.03% | 3.75% | 8.78% | (0.20%) | 8.58% |
| Guayama | 4.00% | 1.03% | 3.25% | 8.28% | (0.20%) | 8.08% |
| Guayanilla | 4.00% | 1.03% | 4.00% | 9.03% | (0.20%) | 8.83% |
| Guaynabo | 4.00% | 1.03% | 3.25% | 8.28% | (0.20%) | 8.08% |
| Gurabo | 4.00% | 1.03% | 3.00% | 8.03% | (0.20%) | 7.83% |
| Hatillo | 3.72% | 1.03% | 2.50% | 7.25% | (0.20%) | 7.05% |
| Hormigueros | 4.00% | 1.03% | 3.00% | 8.03% | (0.20%) | 7.83% |
| Humacao | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Isabela | 4.00% | 1.03% | 2.50% | 7.53% | (0.20%) | 7.33% |
| Jayuya | 4.00% | 1.03% | 1.25% | 6.28% | (0.20%) | 6.08% |
| Juana Díaz | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |

| | Basic Municipal Contribution | State Redemption Fund (GO) | Special Additional Tax (CAE) | Total Pre-discount | Discount | Total Rate (Post-Discount) |
|---------------|------------------------------|----------------------------|------------------------------|--------------------|----------|----------------------------|
| | A | B | C | D = A + B + C | E | F = D + E |
| Juncos | 4.00% | 1.03% | 4.50% | 9.53% | (0.20%) | 9.33% |
| Lajas | 4.00% | 1.03% | 5.50% | 10.53% | (0.20%) | 10.33% |
| Lares | 4.00% | 1.03% | 3.25% | 8.28% | (0.20%) | 8.08% |
| Las Marias | 4.00% | 1.03% | 1.35% | 6.38% | (0.20%) | 6.18% |
| Las Piedras | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Loíza | 4.00% | 1.03% | 4.90% | 9.93% | (0.20%) | 9.73% |
| Luquillo | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Manatí | 4.00% | 1.03% | 2.75% | 7.78% | (0.20%) | 7.58% |
| Maricao | 4.00% | 1.03% | 1.00% | 6.03% | (0.20%) | 5.83% |
| Maunabo | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Mayagüez | 4.00% | 1.03% | 3.75% | 8.78% | (0.20%) | 8.58% |
| Moca | 4.00% | 1.03% | 1.75% | 6.78% | (0.20%) | 6.58% |
| Morovis | 4.00% | 1.03% | 2.25% | 7.28% | (0.20%) | 7.08% |
| Naguabo | 4.00% | 1.03% | 1.70% | 6.73% | (0.20%) | 6.53% |
| Naranjito | 4.00% | 1.03% | 3.00% | 8.03% | (0.20%) | 7.83% |
| Orocovis | 4.00% | 1.03% | 1.20% | 6.23% | (0.20%) | 6.03% |
| Patillas | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Peñuelas | 4.00% | 1.03% | 1.75% | 6.78% | (0.20%) | 6.58% |
| Ponce | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Quebradillas | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Rincón | 4.00% | 1.03% | 4.00% | 9.03% | (0.20%) | 8.83% |
| Río Grande | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Sabana Grande | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Salinas | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| San Germán | 4.00% | 1.03% | 2.75% | 7.78% | (0.20%) | 7.58% |
| San Juan | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| San Lorenzo | 4.00% | 1.03% | 3.40% | 8.43% | (0.20%) | 8.23% |
| San Sebastián | 4.00% | 1.03% | 2.50% | 7.53% | (0.20%) | 7.33% |
| Santa Isabel | 4.00% | 1.03% | 4.00% | 9.03% | (0.20%) | 8.83% |
| Toa Alta | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Toa Baja | 4.00% | 1.03% | 5.00% | 10.03% | (0.20%) | 9.83% |
| Trujillo Alto | 4.00% | 1.03% | 3.75% | 8.78% | (0.20%) | 8.58% |
| Utuado | 4.00% | 1.03% | 2.00% | 7.03% | (0.20%) | 6.83% |
| Vega Alta | 4.00% | 1.03% | 1.85% | 6.88% | (0.20%) | 6.68% |
| Vega Baja | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Vieques | 4.00% | 1.03% | 5.00% | 10.03% | (0.20%) | 9.83% |
| Villalba | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |
| Yabucoa | 4.00% | 1.03% | 4.00% | 9.03% | (0.20%) | 8.83% |
| Yauco | 4.00% | 1.03% | 3.50% | 8.53% | (0.20%) | 8.33% |

Appendix 13: Projected Advances to Municipalities for FY2024

(Dollars in thousands)

| | Total Property Taxes | Less: CAE Collections | Less: Redemption Fund Collections | Total Base Taxes | Add: Equalization Fund | Add: Extraordinary Fund | Less: CRIM Admin Fee | Less: Net Interest | Less: GDB Debt Service | Less: ASES Contribution | Advances to Munis |
|--------------|----------------------|-----------------------|-----------------------------------|------------------|------------------------|-------------------------|----------------------|--------------------|------------------------|-------------------------|-------------------|
| Total | \$1,140,704 | (\$410,946) | (\$122,709) | \$607,049 | \$97,061 | \$51,473 | (\$30,352) | (\$6,000) | (\$3,741) | (\$83,626) | \$631,862 |
| Adjuntas | 1,470 | (274) | (188) | 1,009 | 1,865 | 594 | (50) | (10) | (65) | (113) | 3,229 |
| Aguada | 5,747 | (1,389) | (715) | 3,642 | 1,625 | 649 | (182) | (36) | - | (248) | 5,450 |
| Aguadilla | 15,860 | (5,038) | (1,789) | 9,033 | 365 | 641 | (452) | (89) | - | (624) | 8,874 |
| Aguas Buenas | 2,895 | (1,005) | (296) | 1,594 | 1,905 | 601 | (80) | (16) | - | (170) | 3,835 |
| Aibonito | 3,679 | (1,057) | (435) | 2,186 | 1,560 | 415 | (109) | (22) | - | (184) | 3,847 |
| Añasco | 5,622 | (1,802) | (651) | 3,168 | 1,301 | 428 | (158) | (31) | - | (153) | 4,554 |
| Arecibo | 19,894 | (8,103) | (1,963) | 9,828 | 257 | 777 | (491) | (97) | - | (1,096) | 9,178 |
| Arroyo | 2,575 | (928) | (273) | 1,374 | 1,686 | 539 | (69) | (14) | (137) | (188) | 3,192 |
| Barceloneta | 9,944 | (3,672) | (1,081) | 5,191 | 1,131 | 672 | (260) | (51) | - | (587) | 6,096 |
| Barranquitas | 2,458 | (710) | (293) | 1,455 | 2,312 | 774 | (73) | (14) | - | (175) | 4,280 |
| Bayamón | 80,184 | (25,446) | (9,531) | 45,207 | 0 | 1,544 | (2,260) | (447) | - | (5,451) | 38,594 |
| Cabo Rojo | 14,767 | (4,601) | (1,578) | 8,588 | 9 | 518 | (429) | (85) | - | (409) | 8,192 |
| Caguas | 54,338 | (19,961) | (5,874) | 28,502 | 359 | 1,085 | (1,425) | (282) | - | (3,982) | 24,257 |
| Canmay | 4,109 | (1,310) | (459) | 2,340 | 1,842 | 602 | (117) | (23) | - | (205) | 4,439 |
| Camóyanas | 10,727 | (3,841) | (1,130) | 5,756 | 1,210 | 662 | (288) | (57) | - | (350) | 6,932 |
| Carolina | 83,996 | (35,573) | (8,142) | 40,281 | 550 | 1,188 | (2,014) | (398) | - | (4,003) | 35,605 |
| Cataño | 23,403 | (9,100) | (2,678) | 11,626 | 1,914 | 1,368 | (581) | (115) | (289) | (1,111) | 12,812 |
| Cayey | 17,636 | (6,838) | (1,878) | 8,920 | 320 | 556 | (446) | (88) | (328) | (425) | 8,509 |
| Ceiba | 2,174 | (551) | (257) | 1,365 | 1,448 | 420 | (68) | (13) | - | (169) | 2,983 |
| Ciales | 1,946 | (678) | (199) | 1,069 | 1,608 | 560 | (53) | (11) | - | (202) | 2,970 |
| Cidra | 12,068 | (5,730) | (1,073) | 5,265 | 974 | 529 | (263) | (52) | - | (460) | 5,992 |
| Coamo | 4,602 | (1,624) | (478) | 2,500 | 1,656 | 529 | (125) | (25) | - | (255) | 4,280 |
| Comerio | 1,285 | (335) | (154) | 796 | 2,441 | 734 | (40) | (8) | - | (164) | 3,759 |
| Corozal | 3,481 | (1,125) | (386) | 1,970 | 2,163 | 745 | (98) | (19) | - | (234) | 4,526 |
| Culebra | 976 | (227) | (117) | 632 | 683 | 698 | (32) | (6) | (97) | (56) | 1,822 |
| Dorado | 21,228 | (7,855) | (2,120) | 11,253 | - | 635 | (563) | (111) | - | (479) | 10,734 |
| Fajardo | 13,918 | (4,431) | (1,560) | 7,927 | 572 | 564 | (396) | (78) | - | (522) | 8,066 |
| Florida | 1,081 | (380) | (112) | 589 | 1,827 | 684 | (29) | (6) | (122) | (135) | 2,808 |
| Guánica | 2,117 | (772) | (212) | 1,133 | 1,716 | 432 | (57) | (11) | - | (131) | 3,081 |
| Guayama | 13,172 | (4,505) | (1,428) | 7,239 | 366 | 437 | (362) | (72) | - | (568) | 7,041 |
| Guayanilla | 2,094 | (809) | (208) | 1,077 | 1,552 | 427 | (54) | (11) | (248) | (158) | 2,585 |
| Guaynabo | 82,116 | (28,795) | (9,126) | 44,195 | 215 | 1,181 | (2,210) | (437) | - | (6,986) | 35,959 |
| Gurabo | 12,377 | (5,010) | (1,196) | 6,171 | 800 | 591 | (309) | (61) | - | (413) | 6,780 |
| Hatillo | 11,902 | (3,724) | (1,534) | 6,643 | 837 | 619 | (332) | (66) | - | (344) | 7,358 |
| Hormigueros | 4,214 | (1,388) | (477) | 2,349 | 1,065 | 572 | (117) | (23) | - | (182) | 3,664 |
| Humacao | 21,804 | (5,289) | (2,724) | 13,790 | 36 | 703 | (690) | (136) | - | (876) | 12,827 |
| Isabela | 9,208 | (2,619) | (1,079) | 5,510 | 1,123 | 476 | (275) | (54) | - | (173) | 6,606 |
| Jayuya | 1,356 | (229) | (189) | 938 | 1,630 | 363 | (47) | (9) | - | (151) | 2,724 |
| Juana Díaz | 6,000 | (1,876) | (674) | 3,450 | 1,178 | 465 | (173) | (34) | - | (379) | 4,508 |

| | | | | | | | | | | | |
|---------------|---------|----------|----------|---------|-------|-------|---------|---------|---------|----------|--------|
| Juncos | 9,226 | (3,873) | (887) | 4,466 | 1,240 | 629 | (223) | (44) | - | (548) | 5,519 |
| Lajas | 4,704 | (2,148) | (402) | 2,153 | 1,440 | 478 | (108) | (21) | - | (184) | 3,758 |
| Lares | 3,308 | (1,111) | (352) | 1,845 | 2,018 | 612 | (92) | (18) | - | (233) | 4,132 |
| Las Marias | 785 | (135) | (103) | 547 | 1,731 | 628 | (27) | (5) | (126) | (149) | 2,598 |
| Las Piedras | 7,406 | (2,344) | (844) | 4,218 | 925 | 488 | (211) | (42) | - | - | 5,379 |
| Loiza | 3,129 | (1,319) | (277) | 1,534 | 2,192 | 620 | (77) | (15) | - | (196) | 4,058 |
| Luquillo | 5,536 | (1,477) | (641) | 3,419 | 951 | 429 | (171) | (34) | - | - | 4,594 |
| Manati | 12,206 | (3,795) | (1,421) | 6,990 | 912 | 582 | (350) | (69) | - | (472) | 7,594 |
| Maricao | 731 | (193) | (93) | 445 | 1,364 | 467 | (22) | (4) | (80) | (116) | 2,053 |
| Maunabo | 1,187 | (353) | (129) | 705 | 1,826 | 568 | (35) | (7) | (83) | (105) | 2,869 |
| Mayagüez | 35,205 | (13,384) | (3,676) | 18,145 | 144 | 764 | (907) | (179) | - | (1,619) | 16,347 |
| Moca | 4,731 | (1,297) | (565) | 2,869 | 1,741 | 601 | (143) | (28) | - | (238) | 4,801 |
| Morovis | 2,923 | (1,020) | (309) | 1,594 | 2,199 | 665 | (80) | (16) | - | (206) | 4,157 |
| Naguabo | 3,677 | (1,062) | (418) | 2,196 | 1,488 | 456 | (110) | (22) | - | (131) | 3,878 |
| Naranjito | 3,436 | (1,132) | (389) | 1,916 | 2,261 | 745 | (96) | (19) | - | (195) | 4,613 |
| Orocovis | 1,971 | (308) | (264) | 1,399 | 2,363 | 614 | (70) | (14) | - | (179) | 4,113 |
| Patillas | 1,951 | (685) | (202) | 1,064 | 1,707 | 523 | (53) | (11) | - | (151) | 3,079 |
| Peñuelas | 4,745 | (1,012) | (596) | 3,138 | 1,209 | 430 | (157) | (31) | (33) | (255) | 4,301 |
| Ponce | 54,468 | (23,277) | (5,327) | 25,863 | 361 | 1,065 | (1,293) | (256) | (1,871) | (6,997) | 16,873 |
| Quebradillas | 3,158 | (754) | (389) | 2,015 | 1,608 | 575 | (101) | (20) | - | (187) | 3,890 |
| Rincón | 4,554 | (1,713) | (441) | 2,400 | 1,307 | 508 | (120) | (24) | - | (164) | 3,908 |
| Río Grande | 13,488 | (4,365) | (1,439) | 7,684 | 180 | 524 | (384) | (76) | - | (427) | 7,502 |
| Sabana Grande | 2,957 | (1,049) | (309) | 1,600 | 1,560 | 473 | (80) | (16) | - | (106) | 3,431 |
| Salinas | 3,760 | (1,348) | (397) | 2,015 | 1,614 | 439 | (101) | (20) | - | (240) | 3,707 |
| San Germán | 6,203 | (2,041) | (690) | 3,472 | 1,233 | 512 | (174) | (34) | - | (402) | 4,608 |
| San Juan | 251,521 | (91,635) | (26,967) | 132,918 | - | 2,607 | (6,646) | (1,314) | - | (32,922) | 94,644 |
| San Lorenzo | 5,973 | (2,136) | (647) | 3,190 | 1,636 | 520 | (159) | (32) | - | (319) | 4,836 |
| San Sebastián | 7,112 | (1,950) | (854) | 4,308 | 1,401 | 640 | (215) | (43) | - | (362) | 5,729 |
| Santa Isabel | 5,224 | (2,132) | (549) | 2,543 | 1,234 | 431 | (127) | (25) | - | (152) | 3,904 |
| Toa Alta | 9,971 | (3,926) | (945) | 5,100 | 1,285 | 871 | (255) | (50) | - | (404) | 6,547 |
| Toa Baja | 26,443 | (12,090) | (2,491) | 11,862 | 320 | 1,005 | (593) | (117) | - | (933) | 11,544 |
| Trujillo Alto | 14,662 | (5,431) | (1,492) | 7,739 | 888 | 947 | (387) | (76) | - | (437) | 8,674 |
| Utuado | 2,832 | (677) | (348) | 1,807 | 2,096 | 607 | (90) | (18) | - | (237) | 4,165 |
| Vega Alta | 7,162 | (1,607) | (894) | 4,661 | 1,174 | 589 | (233) | (46) | - | (372) | 5,772 |
| Vega Baja | 10,939 | (3,989) | (1,174) | 5,777 | 750 | 607 | (289) | (57) | - | (445) | 6,343 |
| Vieques | 2,270 | (974) | (201) | 1,095 | 1,210 | 678 | (55) | (11) | (115) | (202) | 2,600 |
| Villaiba | 2,169 | (717) | (241) | 1,210 | 2,219 | 603 | (61) | (12) | (147) | (213) | 3,601 |
| Yabucoa | 3,774 | (1,454) | (374) | 1,945 | 1,760 | 494 | (97) | (19) | - | (219) | 3,863 |
| Yauco | 6,786 | (2,432) | (716) | 3,639 | 1,413 | 499 | (182) | (36) | - | (404) | 4,930 |

| Total | \$570,591 | \$105,489 | \$676,079 | \$572,650 | \$106,332 | \$678,982 | \$574,208 | \$108,075 | \$682,283 | \$575,368 | \$110,174 | \$685,543 |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Juncos | 4,336 | 1,313 | 5,649 | 4,368 | 1,322 | 5,689 | 4,334 | 1,347 | 5,681 | 4,369 | 1,371 | 5,740 |
| Lajas | 2,013 | 1,279 | 3,292 | 2,025 | 1,287 | 3,313 | 2,052 | 1,308 | 3,360 | 2,052 | 1,331 | 3,383 |
| Lares | 1,744 | 1,731 | 3,475 | 1,747 | 1,744 | 3,491 | 1,780 | 1,772 | 3,552 | 1,784 | 1,803 | 3,586 |
| Las Marias | 400 | 1,589 | 1,989 | 543 | 1,600 | 2,143 | 575 | 1,626 | 2,201 | 581 | 1,655 | 2,236 |
| Las Piedras | 3,991 | 1,001 | 4,992 | 3,901 | 1,018 | 4,919 | 3,992 | 1,028 | 5,020 | 3,989 | 1,049 | 5,038 |
| Loiza | 1,446 | 1,835 | 3,281 | 1,465 | 1,846 | 3,311 | 1,483 | 1,878 | 3,362 | 1,488 | 1,910 | 3,397 |
| Luquillo | 3,197 | 959 | 4,156 | 3,203 | 967 | 4,170 | 3,247 | 981 | 4,227 | 3,245 | 999 | 4,244 |
| Manatí | 6,578 | 1,090 | 7,668 | 6,643 | 1,095 | 7,738 | 6,638 | 1,115 | 7,753 | 6,648 | 1,137 | 7,785 |
| Maricao | 353 | 1,224 | 1,576 | 436 | 1,233 | 1,668 | 470 | 1,252 | 1,722 | 475 | 1,274 | 1,749 |
| Mamabo | 596 | 1,580 | 2,176 | 689 | 1,590 | 2,279 | 717 | 1,617 | 2,334 | 723 | 1,644 | 2,368 |
| Mayagüez | 17,203 | 840 | 18,043 | 17,078 | 866 | 17,944 | 17,150 | 872 | 18,022 | 17,169 | 895 | 18,064 |
| Moca | 2,642 | 1,574 | 4,216 | 2,632 | 1,586 | 4,218 | 2,699 | 1,609 | 4,308 | 2,687 | 1,639 | 4,326 |
| Morovis | 1,496 | 1,886 | 3,381 | 1,485 | 1,901 | 3,386 | 1,530 | 1,931 | 3,462 | 1,530 | 1,965 | 3,495 |
| Naguabo | 2,067 | 1,281 | 3,348 | 2,054 | 1,292 | 3,346 | 2,103 | 1,311 | 3,414 | 2,104 | 1,334 | 3,437 |
| Naranjito | 1,804 | 2,001 | 3,804 | 1,810 | 2,015 | 3,824 | 1,844 | 2,048 | 3,892 | 1,846 | 2,084 | 3,931 |
| Orocovis | 1,262 | 1,929 | 3,190 | 1,295 | 1,939 | 3,234 | 1,339 | 1,970 | 3,309 | 1,332 | 2,004 | 3,336 |
| Patillas | 1,024 | 1,468 | 2,493 | 1,043 | 1,477 | 2,520 | 1,060 | 1,503 | 2,562 | 1,068 | 1,528 | 2,596 |
| Peñuelas | 3,028 | 1,091 | 4,120 | 3,041 | 1,102 | 4,143 | 3,062 | 1,120 | 4,182 | 3,086 | 1,138 | 4,224 |
| Ponce | 22,426 | 1,286 | 23,712 | 22,586 | 1,291 | 23,877 | 22,519 | 1,315 | 23,834 | 22,534 | 1,351 | 23,885 |
| Quebradillas | 1,906 | 1,468 | 3,374 | 1,925 | 1,477 | 3,402 | 1,952 | 1,502 | 3,453 | 1,958 | 1,528 | 3,486 |
| Rincón | 2,281 | 1,233 | 3,514 | 2,298 | 1,241 | 3,539 | 2,314 | 1,262 | 3,576 | 2,322 | 1,285 | 3,607 |
| Rio Grande | 7,268 | 629 | 7,897 | 7,209 | 644 | 7,853 | 7,273 | 647 | 7,920 | 7,278 | 665 | 7,943 |
| Sabana Grande | 1,515 | 1,338 | 2,853 | 1,537 | 1,346 | 2,883 | 1,556 | 1,369 | 2,924 | 1,562 | 1,392 | 2,953 |
| Salinas | 1,876 | 1,335 | 3,211 | 1,888 | 1,344 | 3,232 | 1,923 | 1,365 | 3,288 | 1,921 | 1,388 | 3,309 |
| San Germán | 3,286 | 1,198 | 4,484 | 3,285 | 1,207 | 4,492 | 3,317 | 1,226 | 4,543 | 3,323 | 1,248 | 4,572 |
| San Juan | 125,771 | 2,653 | 128,424 | 125,287 | 2,689 | 127,976 | 125,383 | 2,732 | 128,114 | 125,511 | 2,815 | 128,326 |
| San Lorenzo | 2,979 | 1,429 | 4,408 | 3,021 | 1,436 | 4,457 | 3,037 | 1,461 | 4,498 | 3,039 | 1,486 | 4,525 |
| San Sebastián | 4,036 | 1,422 | 5,458 | 4,011 | 1,436 | 5,447 | 4,074 | 1,456 | 5,530 | 4,070 | 1,484 | 5,554 |
| Santa Isabel | 2,430 | 1,113 | 3,543 | 2,425 | 1,121 | 3,547 | 2,450 | 1,140 | 3,590 | 2,460 | 1,159 | 3,619 |
| Toa Alta | 4,793 | 1,593 | 6,386 | 4,801 | 1,606 | 6,407 | 4,831 | 1,632 | 6,463 | 4,833 | 1,667 | 6,499 |
| Toa Baja | 11,126 | 1,206 | 12,331 | 11,213 | 1,211 | 12,423 | 11,196 | 1,231 | 12,428 | 11,201 | 1,266 | 12,467 |
| Trujillo Alto | 7,284 | 1,451 | 8,735 | 7,299 | 1,465 | 8,764 | 7,323 | 1,487 | 8,810 | 7,328 | 1,522 | 8,850 |
| Utuado | 1,703 | 1,770 | 3,473 | 1,694 | 1,784 | 3,477 | 1,742 | 1,812 | 3,554 | 1,743 | 1,842 | 3,586 |
| Vega Alta | 4,426 | 1,242 | 5,667 | 4,455 | 1,249 | 5,704 | 4,465 | 1,270 | 5,736 | 4,480 | 1,294 | 5,774 |
| Vega Baja | 5,425 | 1,031 | 6,456 | 5,470 | 1,036 | 6,506 | 5,479 | 1,053 | 6,532 | 5,484 | 1,076 | 6,560 |
| Vieques | 921 | 1,354 | 2,275 | 1,032 | 1,366 | 2,398 | 1,065 | 1,387 | 2,452 | 1,067 | 1,415 | 2,482 |
| Villalba | 1,044 | 1,830 | 2,874 | 1,184 | 1,844 | 3,027 | 1,210 | 1,875 | 3,085 | 1,222 | 1,905 | 3,127 |
| Yabucoa | 1,832 | 1,468 | 3,300 | 1,851 | 1,478 | 3,328 | 1,872 | 1,503 | 3,375 | 1,876 | 1,527 | 3,404 |
| Yauco | 3,510 | 1,276 | 4,786 | 3,500 | 1,287 | 4,787 | 3,514 | 1,309 | 4,823 | 3,534 | 1,331 | 4,865 |

Appendix 15: Disparity in Revenue Capacity Between Municipalities (FY2023)²⁸
(Dollars in thousands)

| | FY23 GF Budget | CW Transfer | CW Transfer as % of GF | Est. Population (2020 Census) | Per capita GF budget (\$ actual) |
|--------------|--------------------|-----------------|------------------------|-------------------------------|----------------------------------|
| Total | \$2,127,188 | \$43,946 | 2.1% | 3,167,851 | \$671 |
| Adjuntas | 7,351 | 852 | 12% | 17,242 | 426 |
| Aguada | 9,680 | 752 | 8% | 36,424 | 266 |
| Aguadilla | 19,849 | 195 | 1% | 49,786 | 399 |
| Aguas Buenas | 7,001 | 868 | 12% | 24,660 | 284 |
| Aibonito | 8,467 | 717 | 8% | 21,912 | 386 |
| Añasco | 11,404 | 594 | 5% | 26,059 | 438 |
| Arecibo | 53,495 | 118 | 0% | 81,320 | 658 |
| Arroyo | 9,360 | 766 | 8% | 17,124 | 547 |
| Barceloneta | 30,943 | 472 | 2% | 23,757 | 1,302 |
| Barranquitas | 7,708 | 1,051 | 14% | 27,594 | 279 |
| Bayamón | 134,179 | - | 0% | 167,167 | 803 |
| Cabo Rojo | 18,715 | 6 | 0% | 47,374 | 395 |
| Caguas | 97,153 | 106 | 0% | 123,701 | 785 |
| Camuy | 12,873 | 841 | 7% | 30,322 | 425 |
| Canóvanas | 26,196 | 557 | 2% | 44,619 | 587 |
| Carolina | 78,913 | 265 | 0% | 145,459 | 543 |
| Cataño | 40,746 | 850 | 2% | 22,864 | 1,782 |
| Cayey | 29,769 | 141 | 0% | 42,232 | 705 |
| Ceiba | 7,968 | 652 | 8% | 10,726 | 743 |
| Ciales | 7,470 | 732 | 10% | 15,669 | 477 |
| Cidra | 14,120 | 447 | 3% | 38,086 | 371 |
| Coamo | 12,159 | 756 | 6% | 38,397 | 317 |
| Comerio | 5,858 | 1,112 | 19% | 18,576 | 315 |
| Corozal | 9,303 | 982 | 11% | 32,124 | 290 |
| Culebra | 3,462 | 310 | 9% | 1,718 | 2,015 |
| Dorado | 25,408 | - | 0% | 36,119 | 703 |
| Fajardo | 20,642 | 251 | 1% | 29,019 | 711 |
| Florida | 5,419 | 834 | 15% | 11,250 | 482 |
| Guánica | 7,269 | 780 | 11% | 15,121 | 481 |
| Guayama | 20,429 | 146 | 1% | 39,210 | 521 |
| Guayanilla | 5,506 | 710 | 13% | 17,427 | 316 |
| Guaynabo | 129,985 | 55 | 0% | 83,072 | 1,565 |
| Gurabo | 24,199 | 352 | 1% | 47,362 | 511 |
| Hatillo | 23,123 | 372 | 2% | 39,148 | 591 |
| Hormigueros | 8,244 | 483 | 6% | 15,447 | 534 |
| Humacao | 45,405 | - | 0% | 50,291 | 903 |
| Isabela | 16,633 | 522 | 3% | 40,267 | 413 |
| Jayuya | 6,194 | 744 | 12% | 13,767 | 450 |
| Juana Díaz | 12,951 | 539 | 4% | 44,409 | 292 |

²⁸ General Fund budget as reported by the Puerto Rico Office of Management and Budget; budgeted amounts vary from actual revenue

| | FY23 GF Budget | CW Transfer | CW Transfer as % of GF | Est. Population (2020 Census) | Per capita GF budget (\$ actual) |
|---------------|--------------------|-----------------|---------------------------|----------------------------------|--|
| Total | \$2,127,188 | \$43,946 | 2.1% | 3,167,851 | \$671 |
| Juncos | 29,456 | 559 | 2% | 38,168 | 772 |
| Lajas | 10,665 | 656 | 6% | 21,757 | 490 |
| Lares | 9,012 | 922 | 10% | 23,841 | 378 |
| Las Marias | 7,299 | 791 | 11% | 7,771 | 939 |
| Las Piedras | 13,520 | 439 | 3% | 37,028 | 365 |
| Loiza | 6,898 | 992 | 14% | 24,247 | 284 |
| Luquillo | 7,900 | 439 | 6% | 17,537 | 450 |
| Manatí | 29,849 | 403 | 1% | 36,925 | 808 |
| Maricao | 5,000 | 623 | 12% | 5,404 | 925 |
| Maunabo | 6,791 | 832 | 12% | 10,254 | 662 |
| Mayagüez | 57,434 | 98 | 0% | 70,565 | 814 |
| Moca | 10,011 | 796 | 8% | 34,674 | 289 |
| Morovis | 8,676 | 1,000 | 12% | 30,341 | 286 |
| Naguabo | 8,432 | 679 | 8% | 25,837 | 326 |
| Naranjito | 8,201 | 1,027 | 13% | 27,207 | 301 |
| Orocovis | 6,628 | 1,073 | 16% | 20,081 | 330 |
| Patillas | 8,019 | 783 | 10% | 16,074 | 499 |
| Peñuelas | 15,157 | 565 | 4% | 18,929 | 801 |
| Ponce | 90,837 | 137 | 0% | 129,626 | 701 |
| Quebradillas | 7,602 | 740 | 10% | 22,786 | 334 |
| Rincón | 7,557 | 593 | 8% | 13,586 | 556 |
| Río Grande | 17,572 | 76 | 0% | 47,834 | 367 |
| Sabana Grande | 8,463 | 714 | 8% | 21,517 | 393 |
| Salinas | 9,780 | 732 | 7% | 26,988 | 362 |
| San Germán | 14,117 | 557 | 4% | 29,890 | 472 |
| San Juan | 484,993 | - | 0% | 314,384 | 1,543 |
| San Lorenzo | 14,167 | 742 | 5% | 35,737 | 396 |
| San Sebastián | 23,178 | 629 | 3% | 35,093 | 660 |
| Santa Isabel | 11,302 | 571 | 5% | 21,143 | 535 |
| Toa Alta | 12,601 | 564 | 4% | 72,173 | 175 |
| Toa Baja | 39,704 | 128 | 0% | 73,388 | 541 |
| Trujillo Alto | 22,714 | 372 | 2% | 63,147 | 360 |
| Utuado | 11,076 | 957 | 9% | 27,111 | 409 |
| Vega Alta | 13,093 | 507 | 4% | 35,907 | 365 |
| Vega Baja | 18,605 | 333 | 2% | 49,511 | 376 |
| Vieques | 12,858 | 545 | 4% | 8,348 | 1,540 |
| Villalba | 14,051 | 1,015 | 7% | 21,159 | 664 |
| Yabucoa | 14,429 | 793 | 5% | 32,009 | 451 |
| Yauco | 13,992 | 637 | 5% | 33,053 | 423 |

Appendix 16: FY2018 – FY2022 PayGo Debt Outstanding by Municipality

(Dollars in thousands)

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2022 Payment Plan | Total Debt |
|--------------|----------------|-----------------|------------|-----------------|------------|------------------------|------------------|
| Total | \$3,066 | \$65,971 | \$0 | \$57,092 | \$0 | | \$126,130 |
| Adjuntas | - | - | - | - | - | | - |
| Aguada | - | - | - | - | - | | - |
| Aguadilla | - | - | - | - | - | | - |
| Aguas Buenas | - | - | - | - | - | | - |
| Aibonito | - | - | - | - | - | | - |
| Añasco | - | - | - | - | - | | - |
| Arecibo | 260 | 2,600 | - | - | - | | 2,860 |
| Arroyo | - | - | - | - | - | | - |
| Barceloneta | - | - | - | - | - | | - |
| Barranquitas | - | - | - | - | - | | - |
| Bayamón | - | - | - | - | - | | - |
| Cabo Rojo | - | 354 | - | - | - | | 354 |
| Caguas | 144 | - | - | 583 | - | | 728 |
| Camuy | - | - | - | - | - | | - |
| Canóvanas | - | - | - | - | - | | - |
| Carolina | - | - | - | - | - | | - |
| Cataño | - | - | - | - | - | | - |
| Cayey | - | - | - | - | - | | - |
| Ceiba | - | - | - | - | - | | - |
| Ciales | - | - | - | - | - | | - |
| Cidra | - | - | - | - | - | | - |
| Coamo | - | - | - | - | - | | - |
| Comerio | - | - | - | - | - | | - |
| Corozal | - | - | - | - | - | | - |
| Culebra | - | - | - | - | - | | - |
| Dorado | - | - | - | - | - | | - |
| Fajardo | - | - | - | - | - | | - |
| Florida | - | - | - | - | - | | - |
| Guánica | - | - | - | - | - | | - |
| Guayama | - | - | - | - | - | | - |
| Guayanilla | 141 | - | - | 127 | - | | 268 |
| Guaynabo | - | - | - | - | - | | - |
| Gurabo | - | - | - | - | - | | - |
| Hatillo | - | - | - | - | - | | - |
| Hormigueros | - | - | - | - | - | | - |
| Humacao | - | - | - | - | - | | - |
| Isabela | - | - | - | - | - | | - |
| Jayuya | - | - | - | - | - | | - |
| Juana Diaz | - | - | - | - | - | | - |

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2022 Payment Plan | Total Debt |
|---------------|----------------|-----------------|------------|-----------------|------------|------------------------|------------------|
| Total | \$3,066 | \$65,971 | \$0 | \$57,092 | \$0 | | \$126,130 |
| Juncos | - | - | - | - | - | | - |
| Lajas | - | - | - | - | - | | - |
| Lares | - | - | - | - | - | | - |
| Las Marias | 123 | - | - | 262 | - | | 385 |
| Las Piedras | - | - | - | - | - | | - |
| Loiza | - | - | - | - | - | | - |
| Luquillo | - | - | - | - | - | | - |
| Manati | - | - | - | - | - | | - |
| Maricao | 249 | 495 | - | 292 | - | | 1,035 |
| Maunabo | - | 227 | - | 345 | - | | 572 |
| Mayagüez | - | 1,629 | - | - | - | | 1,629 |
| Moca | - | - | - | - | - | | - |
| Morovis | - | - | - | - | - | | - |
| Naguabo | - | - | - | - | - | | - |
| Naranjito | - | - | - | - | - | | - |
| Orocovis | - | - | - | - | - | | - |
| Patillas | - | 251 | - | 520 | - | | 771 |
| Peñuelas | 361 | - | - | - | - | | 361 |
| Ponce | - | 2,474 | - | - | - | | 2,474 |
| Quebradillas | - | - | - | - | - | | - |
| Rincón | - | - | - | - | - | | - |
| Rio Grande | - | - | - | - | - | | - |
| Sabana Grande | 64 | - | - | - | - | | 64 |
| Salinas | - | - | - | - | - | | - |
| San Germán | - | - | - | - | - | | - |
| San Juan | - | 55,391 | - | 54,964 | - | | 110,355 |
| San Lorenzo | - | - | - | - | - | | - |
| San Sebastián | - | - | - | - | - | | - |
| Santa Isabel | - | 756 | - | - | - | | 756 |
| Toa Alta | - | - | - | - | - | | - |
| Toa Baja | 1,723 | 1,794 | - | - | - | | 3,517 |
| Trujillo Alto | - | - | - | - | - | | - |
| Utúado | - | - | - | - | - | | - |
| Vega Alta | - | - | - | - | - | | - |
| Vega Baja | - | - | - | - | - | | - |
| Vieques | - | - | - | - | - | | - |
| Villalba | - | - | - | - | - | | - |
| Yabucoa | - | - | - | - | - | | - |
| Yauco | - | - | - | - | - | | - |

Appendix 17: Projected Municipal PayGo Debt for FY2024 to FY2028

(Dollars in thousands)

| | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
|--------------|------------------|------------------|------------------|------------------|------------------|
| Total | \$159,105 | \$161,575 | \$163,475 | \$165,379 | \$166,787 |
| Adjuntas | 699 | 714 | 724 | 728 | 737 |
| Aguada | 1,131 | 1,164 | 1,182 | 1,209 | 1,216 |
| Aguadilla | 2,223 | 2,241 | 2,275 | 2,290 | 2,295 |
| Aguas Buenas | 471 | 484 | 487 | 492 | 500 |
| Aibonito | 438 | 448 | 441 | 449 | 443 |
| Añasco | 464 | 464 | 460 | 470 | 456 |
| Arecibo | 3,255 | 3,284 | 3,297 | 3,310 | 3,322 |
| Arroyo | 362 | 381 | 398 | 406 | 434 |
| Barceloneta | 694 | 740 | 765 | 806 | 838 |
| Barranquitas | 831 | 843 | 848 | 850 | 856 |
| Bayamon | 8,029 | 8,099 | 8,088 | 8,133 | 8,140 |
| Cabo Rojo | 1,268 | 1,280 | 1,302 | 1,310 | 1,312 |
| Caguas | 6,468 | 6,615 | 6,705 | 6,794 | 6,846 |
| Camuy | 824 | 850 | 859 | 875 | 878 |
| Canovanas | 1,338 | 1,353 | 1,358 | 1,372 | 1,387 |
| Carolina | 9,033 | 9,322 | 9,492 | 9,670 | 9,821 |
| Cataño | 1,794 | 1,830 | 1,875 | 1,919 | 1,955 |
| Cayey | 1,535 | 1,560 | 1,600 | 1,620 | 1,642 |
| Ceiba | 670 | 688 | 700 | 720 | 730 |
| Ciales | 557 | 570 | 587 | 598 | 616 |
| Cidra | 1,278 | 1,297 | 1,329 | 1,348 | 1,375 |
| Coamo | 650 | 657 | 680 | 682 | 691 |
| Comerio | 684 | 688 | 691 | 685 | 696 |
| Corozal | 660 | 665 | 677 | 697 | 704 |
| Culebra | 166 | 160 | 166 | 160 | 162 |
| Dorado | 1,355 | 1,401 | 1,421 | 1,452 | 1,471 |
| Fajardo | 967 | 986 | 998 | 1,000 | 1,004 |
| Florida | 250 | 270 | 265 | 278 | 288 |
| Guanica | 180 | 183 | 191 | 192 | 203 |
| Guayama | 577 | 595 | 635 | 666 | 686 |
| Guayanilla | 804 | 807 | 811 | 819 | 816 |
| Guaynabo | 8,081 | 8,216 | 8,342 | 8,395 | 8,439 |
| Gurabo | 708 | 719 | 708 | 726 | 717 |
| Hatillo | 802 | 836 | 850 | 872 | 885 |
| Hormigueros | 739 | 750 | 775 | 771 | 788 |
| Humacao | 2,156 | 2,227 | 2,236 | 2,297 | 2,309 |
| Isabela | 973 | 981 | 988 | 1,002 | 1,009 |
| Jayuya | 437 | 449 | 463 | 465 | 483 |
| Juana Diaz | 787 | 794 | 828 | 833 | 839 |

| | FY2024 | FY2025 | FY2026 | FY2027 | FY2028 |
|---------------|------------------|------------------|------------------|------------------|------------------|
| Total | \$159,105 | \$161,575 | \$163,475 | \$165,379 | \$166,787 |
| Juncos | 782 | 786 | 793 | 799 | 810 |
| Lajas | 838 | 842 | 853 | 858 | 853 |
| Lares | 985 | 988 | 997 | 998 | 1,002 |
| Las Marias | 590 | 590 | 594 | 589 | 596 |
| Las Piedras | 702 | 725 | 765 | 786 | 817 |
| Loiza | 452 | 468 | 478 | 488 | 496 |
| Luquillo | 716 | 713 | 722 | 727 | 743 |
| Manati | 730 | 741 | 759 | 781 | 780 |
| Maricao | 451 | 469 | 475 | 490 | 493 |
| Maunabo | 502 | 514 | 509 | 516 | 510 |
| Mayaguez | 4,408 | 4,460 | 4,506 | 4,566 | 4,596 |
| Moca | 444 | 457 | 477 | 474 | 497 |
| Morovis | 974 | 977 | 971 | 956 | 948 |
| Naguabo | 390 | 414 | 426 | 456 | 463 |
| Naranjito | 762 | 793 | 791 | 806 | 795 |
| Orocovis | 393 | 406 | 423 | 430 | 428 |
| Patillas | 692 | 701 | 709 | 725 | 729 |
| Peñuelas | 1,168 | 1,187 | 1,205 | 1,227 | 1,225 |
| Ponce | 7,515 | 7,670 | 7,784 | 7,913 | 7,980 |
| Quebradillas | 646 | 665 | 674 | 673 | 692 |
| Rincon | 483 | 491 | 491 | 503 | 503 |
| Rio Grande | 1,328 | 1,350 | 1,380 | 1,391 | 1,417 |
| Sabana Grande | 767 | 773 | 771 | 775 | 780 |
| Salinas | 678 | 689 | 687 | 687 | 690 |
| San German | 1,274 | 1,304 | 1,314 | 1,338 | 1,349 |
| San Juan | 51,243 | 51,721 | 52,134 | 52,626 | 52,999 |
| San Lorenzo | 214 | 207 | 214 | 208 | 213 |
| San Sebastian | 1,448 | 1,442 | 1,451 | 1,460 | 1,465 |
| Santa Isabel | 829 | 838 | 843 | 848 | 853 |
| Toa Alta | 822 | 843 | 866 | 880 | 892 |
| Toa Baja | 3,432 | 3,467 | 3,515 | 3,540 | 3,582 |
| Trujillo Alto | 1,802 | 1,854 | 1,903 | 1,951 | 1,972 |
| Utuado | 1,125 | 1,157 | 1,163 | 1,175 | 1,166 |
| Vega Alta | 791 | 808 | 826 | 832 | 846 |
| Vega Baja | 1,447 | 1,450 | 1,471 | 1,479 | 1,498 |
| Vieques | 773 | 788 | 802 | 806 | 817 |
| Villalba | 222 | 238 | 236 | 247 | 267 |
| Yabucoa | 784 | 802 | 808 | 812 | 823 |
| Yauco | 1,164 | 1,175 | 1,190 | 1,201 | 1,207 |

Appendix 18: Projected Municipal ASES Debt for FY2024

(Dollars in actuals)

| Municipality | Statutory Obligation (per Act 72-1993) | Actual Obligation (reflecting Federal aid) | Municipal Relief |
|--------------|---|---|---------------------|
| Total | \$163,675,430 | \$83,626,436 | \$80,048,994 |
| Adjuntas | 222,051 | 113,452 | 108,599 |
| Aguada | 486,333 | 248,481 | 237,851 |
| Aguadilla | 1,220,537 | 623,607 | 596,930 |
| Aguas Buenas | 332,016 | 169,637 | 162,380 |
| Aibonito | 359,359 | 183,607 | 175,752 |
| Añasco | 300,000 | 153,279 | 146,721 |
| Arecibo | 2,145,456 | 1,096,174 | 1,049,281 |
| Arroyo | 367,214 | 187,620 | 179,594 |
| Barceloneta | 1,148,888 | 586,999 | 561,888 |
| Barranquitas | 341,693 | 174,581 | 167,112 |
| Bayamón | 10,668,000 | 5,450,585 | 5,217,415 |
| Cabo Rojo | 800,489 | 408,992 | 391,496 |
| Caguas | 7,794,147 | 3,982,251 | 3,811,895 |
| Camuy | 401,696 | 205,238 | 196,458 |
| Canóvanas | 685,929 | 350,461 | 335,468 |
| Carolina | 7,834,072 | 4,002,650 | 3,831,422 |
| Cataño | 2,173,707 | 1,110,609 | 1,063,098 |
| Cayey | 831,955 | 425,069 | 406,886 |
| Ceiba | 330,672 | 168,950 | 161,722 |
| Ciales | 396,149 | 202,404 | 193,745 |
| Cidra | 900,265 | 459,971 | 440,294 |
| Coamo | 499,317 | 255,115 | 244,202 |
| Comerio | 320,069 | 163,532 | 156,537 |
| Corozal | 458,331 | 234,174 | 224,157 |
| Culebra | 109,216 | 55,802 | 53,415 |
| Dorado | 938,040 | 479,271 | 458,769 |
| Fajardo | 1,021,209 | 521,764 | 499,444 |
| Florida | 264,041 | 134,906 | 129,135 |
| Guánica | 257,035 | 131,326 | 125,708 |
| Guayama | 1,112,127 | 568,217 | 543,910 |
| Guayanilla | 308,333 | 157,536 | 150,797 |
| Guaynabo | 13,672,936 | 6,985,892 | 6,687,044 |
| Gurabo | 807,653 | 412,653 | 395,000 |
| Hatillo | 672,508 | 343,604 | 328,905 |
| Hormigueros | 355,528 | 181,649 | 173,878 |
| Humacao | 1,715,105 | 876,296 | 838,809 |
| Isabela | 338,552 | 172,976 | 165,576 |
| Jayuya | 296,346 | 151,412 | 144,935 |
| Juana Díaz | 741,049 | 378,623 | 362,426 |

| Total | \$163,675,430 | \$83,626,436 | \$80,048,994 |
|---------------|----------------------|---------------------|---------------------|
| Juncos | 1,073,141 | 548,298 | 524,843 |
| Lajas | 359,472 | 183,665 | 175,808 |
| Lares | 455,665 | 232,812 | 222,853 |
| Las Marías | 291,940 | 149,160 | 142,780 |
| Las Piedras | - | - | - |
| Loíza | 383,416 | 195,898 | 187,518 |
| Luquillo | - | - | - |
| Manatí | 923,134 | 471,656 | 451,479 |
| Maricao | 227,218 | 116,092 | 111,126 |
| Maunabo | 205,067 | 104,774 | 100,292 |
| Mayagüez | 3,168,434 | 1,618,843 | 1,549,591 |
| Moca | 466,227 | 238,209 | 228,018 |
| Morovis | 402,593 | 205,696 | 196,897 |
| Naguabo | 255,933 | 130,763 | 125,169 |
| Naranjito | 380,918 | 194,622 | 186,296 |
| Orocovis | 350,091 | 178,872 | 171,220 |
| Patillas | 295,067 | 150,758 | 144,309 |
| Peñuelas | 499,925 | 255,426 | 244,499 |
| Ponce | 13,694,054 | 6,996,682 | 6,697,372 |
| Quebradillas | 365,039 | 186,509 | 178,530 |
| Rincón | 320,367 | 163,685 | 156,682 |
| Río Grande | 834,916 | 426,582 | 408,334 |
| Sabana Grande | 207,702 | 106,121 | 101,581 |
| Salinas | 470,467 | 240,375 | 230,092 |
| San Germán | 786,763 | 401,980 | 384,784 |
| San Juan | 64,435,175 | 32,921,765 | 31,513,410 |
| San Lorenzo | 624,038 | 318,839 | 305,199 |
| San Sebastián | 708,133 | 361,805 | 346,328 |
| Santa Isabel | 297,838 | 152,174 | 145,664 |
| Toa Alta | 790,356 | 403,816 | 386,541 |
| Toa Baja | 1,825,381 | 932,639 | 892,742 |
| Trujillo Alto | 854,790 | 436,737 | 418,054 |
| Utuado | 464,094 | 237,119 | 226,975 |
| Vega Alta | 727,887 | 371,898 | 355,989 |
| Vega Baja | 871,296 | 445,170 | 426,126 |
| Vieques | 396,321 | 202,492 | 193,829 |
| Villalba | 416,065 | 212,580 | 203,486 |
| Yabucoa | 428,413 | 218,889 | 209,525 |
| Yauco | 790,069 | 403,669 | 386,400 |

Appendix 19: Measures Targets by Municipality

(Dollars in thousands)

| | Incorrect Mailing Address | | | New Properties | | | New Home Improvements | | |
|--------------|---------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Number of Properties | Estimated Total Value | Estimated Collections | Number of Properties | Estimated Total Value | Estimated Collections | Number of Properties | Estimated Total Value | Estimated Collections |
| Total | 197,782 | \$111,112 | \$76,098 | 239,525 | \$134,309 | \$90,094 | 517,824 | \$70,482 | \$48,230 |
| Adjuntas | 835 | \$180 | \$110 | 1,943 | \$360 | \$219 | 2,643 | \$85 | \$52 |
| Aguada | 1,746 | 467 | 275 | 3,970 | 1,286 | 758 | 5,910 | 583 | 344 |
| Aguadilla | 5,814 | 2,736 | 1,730 | 3,419 | 1,641 | 1,038 | 10,363 | 889 | 562 |
| Aguas Buenas | 1,270 | 401 | 236 | 1,544 | 650 | 381 | 3,532 | 251 | 148 |
| Aibonito | 884 | 283 | 183 | 1,904 | 792 | 512 | 4,425 | 235 | 152 |
| Añasco | 1,668 | 660 | 378 | 2,393 | 804 | 460 | 4,605 | 441 | 252 |
| Arecibo | 7,937 | 3,950 | 2,265 | 9,316 | 4,712 | 2,702 | 14,621 | 1,099 | 630 |
| Arroyo | 1,315 | 327 | 190 | 1,505 | 886 | 515 | 4,369 | 161 | 93 |
| Barceloneta | 1,239 | 173 | 108 | 2,772 | 788 | 490 | 4,701 | 424 | 263 |
| Barranquitas | 606 | 153 | 93 | 3,888 | 1,597 | 972 | 2,364 | 107 | 65 |
| Bayamón | 6,940 | 3,938 | 2,854 | 6,911 | 7,674 | 5,562 | 22,463 | 3,277 | 2,375 |
| Cabo Rojo | 2,998 | 1,307 | 893 | 4,605 | 1,020 | 697 | 12,682 | 1,531 | 1,047 |
| Caguas | 5,400 | 3,754 | 2,694 | 4,631 | 4,849 | 3,480 | 21,342 | 4,202 | 3,016 |
| Camuy | 1,297 | 345 | 197 | 4,015 | 1,281 | 732 | 5,486 | 340 | 194 |
| Canóvanas | 1,916 | 1,021 | 666 | 1,941 | 899 | 587 | 7,885 | 1,259 | 822 |
| Carolina | 7,287 | 6,093 | 4,313 | 3,133 | 4,336 | 3,069 | 16,216 | 6,950 | 4,920 |
| Cataño | 1,122 | 691 | 533 | 1,806 | 2,920 | 2,254 | 1,991 | 208 | 160 |
| Cayey | 1,964 | 1,123 | 841 | 2,426 | 1,144 | 857 | 7,505 | 678 | 508 |
| Ceiba | 896 | 285 | 192 | 909 | 305 | 206 | 2,384 | 276 | 186 |
| Ciales | 801 | 221 | 115 | 2,235 | 641 | 334 | 2,682 | 107 | 56 |
| Cidra | 1,542 | 1,172 | 723 | 2,322 | 1,237 | 764 | 7,401 | 883 | 545 |
| Coamo | 1,581 | 400 | 223 | 3,534 | 991 | 552 | 7,636 | 550 | 306 |
| Comerio | 479 | 107 | 60 | 2,246 | 823 | 461 | 1,677 | 56 | 32 |
| Corozal | 996 | 286 | 170 | 4,444 | 1,590 | 946 | 3,524 | 187 | 111 |
| Culebra | 160 | 95 | 62 | 471 | 114 | 75 | 481 | 60 | 39 |
| Dorado | 1,721 | 1,667 | 1,260 | 2,268 | 1,348 | 1,019 | 7,294 | 2,033 | 1,537 |
| Fajardo | 2,291 | 1,786 | 1,251 | 2,252 | 1,138 | 797 | 6,034 | 812 | 569 |
| Florida | 429 | 98 | 54 | 1,401 | 408 | 223 | 2,061 | 82 | 45 |
| Guánica | 728 | 261 | 112 | 1,473 | 457 | 196 | 3,447 | 79 | 34 |
| Guayama | 2,996 | 2,174 | 1,429 | 3,193 | 1,964 | 1,290 | 9,230 | 982 | 646 |
| Guayanilla | 843 | 243 | 135 | 1,927 | 1,395 | 776 | 3,020 | 85 | 47 |
| Guaynabo | 9,351 | 10,848 | 8,564 | 4,167 | 4,518 | 3,567 | 7,967 | 2,911 | 2,298 |
| Gurabo | 1,756 | 1,073 | 801 | 1,842 | 1,189 | 888 | 9,082 | 2,554 | 1,908 |
| Hatillo | 1,527 | 624 | 426 | 4,002 | 1,306 | 893 | 6,591 | 610 | 417 |
| Hormigueros | 505 | 243 | 175 | 1,037 | 344 | 248 | 3,138 | 297 | 215 |
| Humacao | 2,980 | 1,871 | 1,347 | 3,239 | 2,109 | 1,519 | 10,439 | 1,054 | 759 |
| Isabela | 6,311 | 2,046 | 1,348 | 4,338 | 619 | 408 | 9,294 | 803 | 529 |
| Jayuya | 332 | 89 | 44 | 1,366 | 343 | 169 | 2,162 | 44 | 22 |
| Juana Diaz | 2,060 | 639 | 359 | 3,014 | 1,556 | 874 | 10,461 | 709 | 398 |

| | Incorrect Mailing Address | | | New Properties | | | New Home Improvements | | |
|---------------|---------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Number of Properties | Estimated Total Value | Estimated Collections | Number of Properties | Estimated Total Value | Estimated Collections | Number of Properties | Estimated Total Value | Estimated Collections |
| Total | 197,782 | \$111,112 | \$76,098 | 239,525 | \$134,309 | \$90,094 | 517,824 | \$70,482 | \$48,230 |
| Juncos | 3,574 | 1,697 | 1,193 | 2,281 | 937 | 659 | 8,199 | 412 | 289 |
| Lajas | 1,271 | 486 | 295 | 2,548 | 755 | 458 | 4,693 | 275 | 167 |
| Lares | 1,102 | 312 | 185 | 4,098 | 1,017 | 604 | 3,755 | 142 | 85 |
| Las Marias | 317 | 68 | 34 | 1,464 | 188 | 93 | 1,415 | 39 | 19 |
| Las Piedras | 1,443 | 598 | 277 | 2,327 | 1,150 | 534 | 7,622 | 818 | 380 |
| Loiza | 1,249 | 539 | 311 | 1,284 | 1,217 | 701 | 3,802 | 453 | 261 |
| Luquillo | 1,270 | 565 | 407 | 1,148 | 545 | 392 | 3,613 | 290 | 209 |
| Manatí | 2,094 | 1,237 | 872 | 4,179 | 1,559 | 1,099 | 6,767 | 721 | 509 |
| Maricao | 163 | 56 | 30 | 804 | 151 | 82 | 680 | 17 | 9 |
| Maunabo | 481 | 120 | 78 | 1,373 | 391 | 254 | 2,105 | 127 | 83 |
| Mayagüez | 4,490 | 3,029 | 2,104 | 5,601 | 5,722 | 3,974 | 9,947 | 1,263 | 877 |
| Moca | 1,547 | 399 | 243 | 3,625 | 1,011 | 616 | 5,670 | 537 | 327 |
| Morovis | 811 | 231 | 140 | 2,640 | 1,332 | 808 | 4,386 | 350 | 212 |
| Naguabo | 4,170 | 1,287 | 806 | 2,049 | 678 | 425 | 5,474 | 325 | 204 |
| Naranjito | 4,452 | 1,305 | 821 | 2,528 | 1,144 | 720 | 2,825 | 160 | 101 |
| Orocovis | 360 | 89 | 56 | 2,833 | 742 | 463 | 2,809 | 102 | 64 |
| Patillas | 1,785 | 453 | 258 | 2,110 | 524 | 298 | 3,738 | 175 | 100 |
| Peñuelas | 966 | 198 | 163 | 2,201 | 1,045 | 860 | 3,721 | 509 | 419 |
| Ponce | 7,737 | 5,188 | 3,369 | 7,530 | 6,557 | 4,259 | 23,120 | 2,490 | 1,617 |
| Quebradillas | 1,730 | 421 | 244 | 1,739 | 523 | 303 | 4,569 | 225 | 130 |
| Rincón | 829 | 399 | 271 | 1,356 | 418 | 284 | 2,807 | 514 | 349 |
| Río Grande | 2,287 | 1,352 | 840 | 1,651 | 857 | 533 | 8,812 | 1,793 | 1,115 |
| Sabana Grande | 896 | 222 | 146 | 2,064 | 585 | 384 | 4,182 | 230 | 151 |
| Salinas | 2,106 | 687 | 333 | 3,244 | 1,172 | 569 | 6,421 | 240 | 116 |
| San Germán | 1,468 | 515 | 323 | 3,281 | 1,390 | 871 | 5,409 | 476 | 298 |
| San Juan | 18,245 | 20,783 | 15,592 | 13,003 | 24,171 | 18,134 | 28,162 | 9,646 | 7,237 |
| San Lorenzo | 1,387 | 419 | 263 | 3,216 | 1,130 | 708 | 6,566 | 564 | 354 |
| San Sebastián | 2,068 | 592 | 366 | 4,619 | 813 | 503 | 7,500 | 557 | 344 |
| Santa Isabel | 1,261 | 407 | 251 | 1,316 | 519 | 320 | 5,294 | 434 | 267 |
| Toa Alta | 8,670 | 3,192 | 2,245 | 4,469 | 1,487 | 1,046 | 12,224 | 2,214 | 1,558 |
| Toa Baja | 3,404 | 1,751 | 1,141 | 5,170 | 2,941 | 1,916 | 10,279 | 1,422 | 926 |
| Trujillo Alto | 2,436 | 1,260 | 853 | 1,944 | 1,541 | 1,043 | 8,633 | 2,045 | 1,385 |
| Utuado | 1,314 | 309 | 176 | 5,786 | 1,201 | 685 | 4,029 | 118 | 67 |
| Vega Alta | 1,792 | 926 | 551 | 4,387 | 1,520 | 903 | 4,651 | 981 | 583 |
| Vega Baja | 12,140 | 4,942 | 2,684 | 5,446 | 1,760 | 955 | 8,643 | 1,034 | 562 |
| Vieques | 627 | 209 | 133 | 1,552 | 488 | 309 | 1,879 | 40 | 26 |
| Villalba | 428 | 106 | 63 | 1,784 | 727 | 434 | 2,936 | 97 | 58 |
| Yabucoa | 1,263 | 397 | 215 | 3,302 | 1,334 | 722 | 5,248 | 211 | 114 |
| Yauco | 1,626 | 539 | 358 | 3,771 | 1,034 | 686 | 6,131 | 539 | 358 |

| | Non-appraised Properties | | | New Swimming Pools | | |
|--------------|--------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | Number of Properties | Estimated Total Value | Estimated Collections | Number of Properties | Estimated Total Value | Estimated Collections |
| Total | 17,505 | \$7,739 | \$5,131 | 25,951 | \$2,634 | \$1,794 |
| Adjuntas | 541 | \$117 | \$71 | 44 | \$4 | \$2 |
| Aguada | 427 | 114 | 67 | 178 | 15 | 9 |
| Aguadilla | 72 | 34 | 21 | 308 | 31 | 20 |
| Aguas Buenas | 57 | 18 | 11 | 131 | 13 | 8 |
| Aibonito | 137 | 44 | 28 | 130 | 12 | 8 |
| Añasco | 518 | 205 | 117 | 86 | 8 | 5 |
| Arecibo | 155 | 77 | 44 | 514 | 58 | 34 |
| Arroyo | 1,092 | 271 | 158 | 66 | 7 | 4 |
| Barceloneta | 959 | 134 | 83 | 72 | 7 | 5 |
| Barranquitas | 139 | 35 | 21 | 175 | 16 | 10 |
| Bayamón | 69 | 39 | 28 | 1,157 | 108 | 79 |
| Cabo Rojo | 2 | 1 | 1 | 681 | 67 | 46 |
| Caguas | 4 | 3 | 2 | 1,471 | 149 | 107 |
| Camuy | 147 | 39 | 22 | 227 | 23 | 13 |
| Canóvanas | - | - | - | 438 | 44 | 29 |
| Carolina | 469 | 392 | 278 | 845 | 94 | 66 |
| Cataño | 175 | 108 | 83 | 265 | 27 | 21 |
| Cayey | 60 | 34 | 26 | 233 | 24 | 18 |
| Ceiba | 15 | 5 | 3 | 70 | 6 | 4 |
| Ciales | 22 | 6 | 3 | 100 | 10 | 5 |
| Cidra | 221 | 168 | 104 | 284 | 34 | 21 |
| Coamo | 119 | 30 | 17 | 224 | 23 | 13 |
| Comerio | 43 | 10 | 5 | 72 | 6 | 4 |
| Corozal | 39 | 11 | 7 | 153 | 15 | 9 |
| Culebra | 2 | 1 | 1 | 57 | 5 | 3 |
| Dorado | 1,416 | 1,371 | 1,037 | 1,093 | 113 | 85 |
| Fajardo | 155 | 121 | 85 | 217 | 22 | 15 |
| Florida | 157 | 36 | 20 | 43 | 4 | 2 |
| Guánica | 66 | 24 | 10 | 67 | 7 | 3 |
| Guayama | 822 | 596 | 392 | 228 | 22 | 15 |
| Guayanilla | 15 | 4 | 2 | 55 | 6 | 3 |
| Guaynabo | 171 | 198 | 157 | 1,632 | 161 | 127 |
| Gurabo | 3 | 2 | 1 | 687 | 79 | 59 |
| Hatillo | 151 | 62 | 42 | 319 | 28 | 19 |
| Hormigueros | 273 | 131 | 95 | 52 | 5 | 4 |
| Humacao | - | - | - | 485 | 42 | 30 |
| Isabela | 79 | 26 | 17 | 247 | 23 | 15 |
| Jayuya | 303 | 81 | 40 | 81 | 6 | 3 |
| Juana Diaz | 40 | 12 | 7 | 276 | 25 | 14 |

| | Non-appraised Properties | | | New Swimming Pools | | |
|---------------|--------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | Number of Properties | Estimated Total Value | Estimated Collections | Number of Properties | Estimated Total Value | Estimated Collections |
| Total | 17,505 | \$7,739 | \$5,131 | 25,951 | \$2,634 | \$1,794 |
| Juncos | 813 | 386 | 271 | 217 | 24 | 17 |
| Lajas | 170 | 65 | 40 | 140 | 17 | 10 |
| Lares | 31 | 9 | 5 | 74 | 7 | 4 |
| Las Marias | 39 | 8 | 4 | 15 | 1 | 1 |
| Las Piedras | 51 | 21 | 10 | 196 | 20 | 9 |
| Loiza | - | - | - | 62 | 7 | 4 |
| Luquillo | 220 | 98 | 70 | 199 | 18 | 13 |
| Manatí | 21 | 12 | 9 | 368 | 34 | 24 |
| Maricao | 157 | 54 | 29 | 8 | 1 | 0 |
| Maunabo | 293 | 73 | 47 | 19 | 2 | 1 |
| Mayagüez | 3 | 2 | 1 | 353 | 37 | 25 |
| Moca | 4 | 1 | 1 | 150 | 14 | 9 |
| Morovis | 17 | 5 | 3 | 155 | 16 | 10 |
| Naguabo | 262 | 81 | 51 | 132 | 13 | 8 |
| Naranjito | - | - | - | 115 | 11 | 7 |
| Orocovis | 22 | 5 | 3 | 135 | 11 | 7 |
| Patillas | 102 | 26 | 15 | 96 | 10 | 6 |
| Peñuelas | 36 | 7 | 6 | 129 | 11 | 9 |
| Ponce | 46 | 31 | 20 | 731 | 88 | 57 |
| Quebradillas | 170 | 41 | 24 | 111 | 10 | 6 |
| Rincón | 207 | 100 | 68 | 272 | 29 | 20 |
| Río Grande | 151 | 89 | 55 | 468 | 47 | 29 |
| Sabana Grande | 69 | 17 | 11 | 77 | 8 | 5 |
| Salinas | 29 | 9 | 5 | 157 | 16 | 8 |
| San Germán | 485 | 170 | 107 | 128 | 13 | 8 |
| San Juan | 65 | 74 | 56 | 3,109 | 314 | 236 |
| San Lorenzo | - | - | - | 209 | 21 | 13 |
| San Sebastián | 61 | 17 | 11 | 130 | 12 | 7 |
| Santa Isabel | 1,340 | 432 | 266 | 142 | 15 | 9 |
| Toa Alta | 259 | 95 | 67 | 1,195 | 132 | 93 |
| Toa Baja | 417 | 214 | 140 | 568 | 66 | 43 |
| Trujillo Alto | 148 | 77 | 52 | 942 | 97 | 66 |
| Utuado | 121 | 28 | 16 | 123 | 11 | 6 |
| Vega Alta | 393 | 203 | 121 | 361 | 31 | 18 |
| Vega Baja | 265 | 108 | 59 | 560 | 57 | 31 |
| Vieques | 769 | 256 | 163 | 219 | 23 | 15 |
| Villalba | 89 | 22 | 13 | 136 | 13 | 8 |
| Yabucoa | 462 | 145 | 79 | 110 | 12 | 6 |
| Yauco | 583 | 193 | 128 | 177 | 18 | 12 |