BY ELECTRONIC MAIL

October 4, 2018

Cecille Blondet-Passalacqua
Executive Director
Espacios Abiertos

Dear Ms. Blondet-Passalacqua:

I write in response to your letter, dated September 26, 2018, concerning the Tax Expenditure Report and the Earned Income Tax Credit (EITC).

The Oversight Board is in full alignment with your organization in recognizing the value of an annual Tax Expenditure Report as a tool for fiscal transparency and visibility into government spending. In fact, the certified Fiscal Plan states that “[h]aving a clear and accurate understanding of what the Government spends through tax expenditures is critical to ensuring that the expenditures are contributing to economic growth and opportunity.”

The Fiscal Plan requires that the Government “[p]ublish an annual Tax Expenditure Report that identifies and quantifies all tax expenditures (including all tax exclusions, exemptions, adjustments, deductions, subtractions, credits, abatements, deferrals, rebates and special rules).” Moreover, the Fiscal Plan specifically requires the submission of a first draft of the Tax Expenditure Report by the end of calendar year 2018. These requirements will remain in the next certified version of the Fiscal Plan.

The Oversight Board shares the goals and benefits outlined in your letter regarding the implementation of an EITC. The EITC is an important component of the Fiscal Plan and is a core component of the structural measures aimed at providing more opportunity for the people of Puerto Rico. In fact, the Fiscal Plan requires the launch of an EITC program by January 2019. These requirements will remain in the next certified version of the Fiscal Plan.

I trust that this letter adequately addresses your questions and concerns.

Sincerely,

Natalie A. Jaresko

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