

**PRESS RELEASE ISSUED BY THE DEPARTMENT OF THE TREASURY  
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**SECRETARY OF THE TREASURY DECLARES THAT ANALYSIS  
BY THE CENTER FOR THE NEW ECONOMY ON TAX REVENUES IS INACCURATE**

**(San Juan, PR)** – Puerto Rico’s Secretary of the Treasury, Juan Carlos Méndez, expressed strong disagreement with an analysis prepared by the economists of the Center for the New Economy (CNE) related to estimates of the revenues generated by the Sales and Use Tax (IVU, by its Spanish acronym) for the budget of fiscal 2007-2008.

The Secretary said that the CNE is comparing estimated IVU revenues for seven and a half months of fiscal year 2007 (from November 15, 2006 to June 30, 2007), with 12 months of fiscal year 2008 (from July 1, 2007 to June 30, 2008). “Obviously there will be a greater collection of revenues in twelve months than what could be collected in seven and a half months. This is why we report an increment in the estimated revenues from \$576 million to \$911 million for fiscal year 2008,” the Secretary said.

Last week, the Secretary, appearing at a public hearing before the House of Representatives, in presenting a report about the net income to the General Fund for the Recommended Budget for next fiscal year, forecast an increase expected in IVU revenues for fiscal year 2008 at 6.4%, on an annual basis. It was not 58% as the CNE states, he pointed out.

“The estimate is not extremely aggressive, as the CNE contends. The fact is that they are totally wrong in their analysis. The growth projected is normal, based on the historical experience and the projections made by the Planning Board for fiscal year 2008,” Secretary Mendez declared.

The Secretary also emphasized that the CNE analysis regarding the IVU estimates for next year is mistaken, and added that “regrettably, it does not add anything positive to the public debate of this issue.”