



**Commonwealth of Puerto Rico
Press and Communications Office
La Fortaleza**

PRESS RELEASE

GOVERNMENT PRESENTS MEASURES TO ADDRESS PRHTA'S FISCAL SITUATION

June 20, 2013 – La Fortaleza – In light of the critical situation the Puerto Rico Highways and Transportation Authority (PRHTA) is facing and its impact on the Government Development Bank for Puerto Rico (GDB), today La Fortaleza Chief of Staff Ingrid Vila Biaggi presented several measures to deal with the situation.

As of January 2, 2009, PRHTA's debt with the GDB totaled \$271 million; as of December 2012 the debt had reached \$2.136 billion. This means that in four years it increased by \$1.865 billion, mainly to cover PRHTA's operating expenses, GDB President Javier Ferrer stated. If nothing is done, the services provided by the Tren Urbano, the Metropolitan Bus Authority, and the Vieques and Culebra ferryboats would be affected. This would also have the effect of a downgrade of the GDB credit rating with repercussions on the credit of the Commonwealth and other agencies.

In order address this situation, the following measures will be introduced:

- Transferring \$29 million from the product of cigarette sales taxes to the PRHTA.
- Transferring all revenues from vehicle registration stickers to the PRHTA, without raising costs.



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- Reducing excise taxes on diesel by 50% in order to reduce transportation costs and costs of doing business.
- Adjusting the excise tax rebate from \$3 to \$9.25 per barrel.

Through these measures, the PRHTA will receive a recurrent injection of \$280 million; \$189 million in new revenues and \$91 million from redirected funds and current measures. This will allow to bond out the PRHTA's \$2.1 billion debt, thus permitting the PRHTA to pay off its debt with the GDB. That will eliminate the threat to the bank's capital and liquidity.

“As you can see these measures not only represent new ways to facilitate collecting the monies the PRHTA needs in order to responsibly address its critical financial situation, but they also seek to affect Puerto Rico's working middle class as less as possible,” Vila Biaggi pointed out.

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