

Organic Law of the Office of Management and Budget

Law No. 147 of June 18, 1980, as amended

[Tabla de Contenido]

Table of Contents

Contains amendments incorporated by virtue of the following laws:

Ley Núm. 89 de 18 de Agosto de 1994

Ley Núm. 110 de 3 de Agosto de 1995

Ley Núm. 93 de 20 de Agosto de 1997

Ley Núm. 74 de 2 de Mayo de 2000

Ley Núm. 286 de 20 de Diciembre de 2002

Ley Núm. 30 de 1 de Enero de 2003

Ley Núm. 151 de 22 de Junio de 2004

Ley Núm. 106 de 25 de Mayo de 2006

Ley Núm. 59 de 10 de Julio de 2007

Ley Núm. 42 de 16 de Abril de 2010

Ley Núm. 239 de 11 de Diciembre de 2011

Ley Núm. 58 de 19 de Marzo de 2012

Ley Núm. 129 de 2 de Julio de 2012

Ley Núm. 62 de 19 de Julio de 2013

Ley Núm. 79 de 1 de Julio de 2014)

To create the Office of Management and Budget in the Governor's Office, define its functions and powers; to establish the powers and authority of the Governor and the Director of the Office of Management and Budget; to create the Budgetary Fund; to limit operating costs in election years and establish penalties; to authorize the borrowing of money; to make recommendations on income; and to repeal certain laws.

Let the Puerto Rico Legislative Assembly decree:

Article 1. - Brief Title

This Law will be known as “Organic Law of the Office of Management and Budget.”

Article 1-A. - Statement of Public Policy. [Note: Law 62-2013 added this Article]

It is the policy of the Government of Puerto Rico to implement stringent control measures and tax efficiency through proper control of budget items related to appointments, personnel transactions, contracts, and general control of government spending.

Article 2. - Establishment of the Office of Management and Budget. (23 LPRA § 102)

(a) Herein is created the Office of Management and Budget, attached to the Office of the Governor as an aid and advisory body to assist the Governor in the discharge of his duties and responsibilities regarding management and administration. This office will be led by a Director appointed by the Governor, who shall hold office at the pleasure of the Chief Executive. The salary of the Director shall be fixed by the Governor. Office expenses, including salaries of the Director and others will be included each year in the Joint Budget Resolution.

(b) The Office shall be deemed an Individual Administrator for the purposes of managing its staff, pursuant to the provisions of the Law on Public Service Personnel of Puerto Rico, Act No. 5 of October 14, 1975, as amended [Note: Current Law 184- 2004, as amended, "Law for Human Resource Management in the Public Service of the Commonwealth of Puerto Rico"]. The Director shall select and appoint the professional, technical, secretarial, and clerical staff deemed necessary for the fulfillment of the purposes of this Act; and determine their qualifications, requirements, functions, and duties under the provisions of the Act on Public Service Personnel. The Director may engage the services of firms and professionals, technicians, consultants, auditors, and others as deemed necessary to fulfill the Office's duties and conduct those studies, research, and analysis considered necessary or that are entrusted or requested by the Governor or the Legislative Assembly.

c) The Director is authorized to establish the organizational structure of the Office as deemed necessary to fulfill the purposes of this Act.

Article 3. - Powers and Duties of the Office of Management and Budget. (23 LPRA § 103)

(a) The Office of Management and Budget, under the rules, regulations, instructions, and orders that the Governor may prescribe, will advise the Chief Executive, the Legislature, and government agencies in matters of a budgetary, programmatic and administrative management nature, as well as on issues of a fiscal nature relating to its functions; will perform the necessary functions to enable the Governor to submit to the Legislature the Annual Budget for Capital Improvement and Operating Expenses of the Government, including the Public Corporations; shall ensure that the implementation and administration of the budget of public agencies are in accordance with the laws and resolutions of assignments, with the best and appropriate

standards of fiscal and managerial administration, and in harmony with the programmatic purposes for which public funds are assigned or provided. It will evaluate the programs and activities of public entities in terms of economy, efficiency, and effectiveness and will submit reports to the Governor with recommendations for implementing them. It will prepare and maintain control of those fiscal and budgetary documents necessary for the administration of the budget and will perform those changes, amendments or adjustments as are warranted, subject to the laws and standards set by the Legislature and Governor. It will be alert to new trends and tendencies in the field of financial and of public administration to evaluate and adapt those techniques, methods, and approaches that apply to the local administrative field, both in the formulation and implementation of the budget, as well as in the evaluation of programs, management analysis, and operational and administrative audit. Furthermore, it should propose legislation that it deems necessary and desirable to incorporate these approaches and trends in our budget and administrative process.

(b) The Office will have the following powers:

(1) Powers relating to budget formulation:

(A) Require the various agencies, public corporations, and political subdivisions of the Government of Puerto Rico and on the date determined by the OMB, budget requests with the work plans and the justifications and all information of a programmatic nature, fiscal and managerial, proposed expenditures, financial and operating statements and any other information needed.

(B) Collect, relate, review/revise, reduce or increase the budget requests of the various state agencies, except as provided in paragraph (a) subsection (7) of Article 4.

(C) Perform hearings, document reviews, observations, investigations, inspections, or findings that are deemed necessary to carry out such management studies or evaluations.

(D) Hold hearings with agency directors.

(E) Perform financial, programmatic, managerial, and operational analysis of all public agencies, including those operating with their own funds or contributions from the Government of the United States.

(F) Consider and incorporate in the analysis of budget requests from agencies, remarks and recommendations contained in the studies and managerial analyses and operational audits carried out in the agencies.

(G) Obtain from the Electric Power Authority a ratio of annual energy consumption of the various government agencies, broken down by each entity and submit such information to the Governor as part of the budget exercise.

(2) Powers related to the administration, implementation and control of the budget:

(A) Prepare and recommend for the Governor's approval, budget details or Executive Budgets accordance with paragraph (e), subsection (1) of Article 4.

(B) Approve the creation and deletion of posts and regular jobs of fixed duration during the fiscal year covered by the budget.

(C) Remove all those vacancies or vacancies that occur as a result of reorganization, elimination of functions, reduced workload, consolidation of programs or functions, or when deemed necessary for tax reasons or budgetary control.

(D) Approve off-island travel authorizations public officials. When service needs so require, the Director may sub-delegate this authority to the Secretaries and Heads of Agencies.

(E) Perform monitoring of allocations for investments and improvements; and require progress reports as often as necessary to follow up on the implementation and development of programs and authorize the reprogramming of resources when different government agencies so request, and the convenience and necessity of such action is determined. Provided that it will also track capital improvement programs of public corporations and those covered by contributions from the Government of the United States. In performing this function, it shall establish and maintain the necessary coordination with the Government Development Bank regarding permanent improvements and financing in relation to public corporations. Provided that any reprogramming of resources necessary to carry out, and monitoring of permanent improvements programs will be in harmony with the provisions of the Investment Program and the spirit of the measure authorizing the use of funds.

(F) Verify the availability of funds to cover the reassignment of personnel, salary increases within grade, and any other personnel transaction that involves budgetary impact, prior to final approval by the Central Office of Personnel Management or by Individual Administrators whose operating costs depend on legislative appropriations.

(G) In order to assess the fiscal impact, review and approve jointly with the Central Office of Personnel Management compensation plans of organisms that are Individual Administrators under the Personnel Act. Such agencies shall establish the procedures necessary to fulfill the purposes of this provision.

(H) Verify the availability of funds for the employment of non-regular personnel in those agencies that depend on legislative appropriations for their operating expenses.

(I) Require government agencies to submit periodic reports on the status of assignments that reflect disbursements, obligations, available balances, and projected expenditures.

(J) Administration, implementation and control of the budget of the Judicial Branch rests with the Chief Justice of the Supreme Court of Puerto Rico or the Administrative Director of the Courts as delegated by the Chief Justice.

(K) The administration, implementation, and control of the budget of the Legislative Branch, lie with the presidents of the Senate and the House of Representatives, respectively.

(L) Coordinate and request information, through a circulated letter, from officials in agencies in the Executive Branch, who will be designated as liaison between the units of the Branch and the Office on matters of budget management. This officer should be the Budget Director, the Finance Director or the Director of Administration, or equivalent, who is performing the functions of the office or position.

(M) Based on information obtained under paragraph (G) of subsection (b) (1) of this Article, the Office will prepare the projection of expenses for electricity consumption of each government agency whose budget is under the jurisdiction of the Office and the payment for that service comes in all or part from the General Fund budget, identify the monthly payment amount projected for the coming fiscal year and coordinate with the Department of the Treasury (Hacienda) to reserve the total amount of these items for each fiscal year exclusively for that payment and the amount of each monthly payment for this item will be made directly and entirely to the Electric Power Authority at the beginning of each month.

(3) Powers relating to the assessment and management and programmatic analysis:

(A) Carry out those management studies, reviews, and evaluations deemed necessary to measure, improve, and enhance the effectiveness, efficiency, and economy in the operation of agencies of Government of Puerto Rico and its Public Corporations and in the case of municipalities when they so request. For this purpose, among other activities, it shall:

1) Keep under continuous review the organization of the Executive Branch to advise the Governor and the Legislature regarding matters such as the creation or elimination of organisms; the merging agencies; the transfer of functions and programs; the creation of mechanisms for coordination, planning or counseling and other measures deemed necessary to improve the management, coordination, and functioning of the Executive Branch.

2) Review and study internally any government agencies, public corporations, or municipalities in general or in part such as organization, management systems and support for planning and procedures, central and operational organization, internal and interagency coordination, information systems, ancillary services, purchases and supply, among others.

3) Indicate findings and make recommendations to the heads of agencies and the Governor as a result of studies, evaluations and tests performed.

4) Keep the Governor informed on the findings and remarks formulated as part of the studies made and the corrective measures taken in each case.

5) Advise and assist agencies in developing administrative studies and assessments, and the implementation of corrective measures taken jointly.

6) Participate in an advisory manner or as a contributor in structuring and implementing new programs and agencies and track the development of these to indicate findings and make recommendations to the Governor and the head of the agency concerned.

7) Follow up reorganizations implemented by agencies in order to evaluate the results and achievements of such reorganizations and formulate remarks and recommendations to the head of the agency and the Governor.

8) To promote and assist in the coordination of efforts to deal with issues or situations that require the participation or intervention of several government

agencies.

(B) Require from government agencies reports, materials, data and other information about the organization; goals; functions; activities; the legal base; regulations; resources; strategies; priorities; action plans and any other management or administrative aspects considered relevant for studies, evaluations, and audits carried out by the Office. Agencies, departments, and other instrumentalities of the Government of the Commonwealth shall be bound to supply the Office all information required in the performance of the functions and duties that the law imposes.

(C) Perform hearings, document reviews, observations, investigations, inspections, or findings that are deemed necessary to carry out such management studies, evaluations, or assessments.

(D) To promote and encourage the exchange of information on issues and management issues.

(E) To ensure that the program evaluation studies carried out take into account, in addition to matters of primary concern to the Office, the manner in which the objectives, goals, policies, and strategies of each program harmonize with those set out in the Integral Development Plan and Four Year Investment Program.

(4) Powers related to operational, managerial, or administrative audits:

(A) Conduct operational or managerial audits of agencies and instrumentalities of the Commonwealth of Puerto Rico and its public corporations, either on its own initiative, based on a yearly schedule plan, or at the request of the Governor to determine the degree of success and efficiency achieved by the programs, projects, or government activities (i) in achieving the objectives, (ii) in achieving these objectives at the lowest cost, and (iii) in preventing or addressing all waste, excessive costs, and duplication in the use of public funds. The results of these reports will be presented to the Governor and the head of the agency, instrumentality or public corporation with a corresponding list of findings and recommendations to maximize the efficiency of government resources.

(B) Coordinate and expand the government's efforts to promote integrity and efficiency in the management of public, state, and federal funds.

(C) Evaluate and regulate the use of federal funds by the agencies.

(D) Establish uniform procedures for evaluations, studies, and assessments on compliance rules to be carried out.

(E) Establish processes for developing corrective action plans to address the deficiencies in government agencies and monitor the plans for full achievement of sound public administration.

(F) Advise and assist government agencies in establishing corrective action plans and other measures.

(G) Require from government agencies all programmatic, fiscal, managerial, and operational documentation for any type of evaluation being carried out.

(H) Have access to all documents, electronic information systems, and any other information or materials available at the government agencies regarding the programs, processes, and government projects that these governmental entities are analyzing or evaluating.

(I) Summon witnesses, take sworn statements, take testimony and require the production of books, photographs, records, and documents, including information, documents, books, records/files, and photographs in electronic format the OMB deems necessary to complete or develop any investigation being performed.

(J) In aid of its jurisdiction, request the Court to issue subpoenas under penalty of contempt requiring the attendance and testimony of witnesses or the production or presentation of any evidence that relates to a matter that the OMB is evaluating, researching/investigating, or studying.

(K) Adopt and promulgate such regulations as are necessary and appropriate to fulfill the purposes of this Act.

(L) Develop and implement standards, policies, rules, and procedures to guide agencies in establishing controls and executing sound management practices.

(M) Make referrals to the Justice Department, the Office of Government Ethics or any similar agency as appropriate as a result of audits OMB conducted in accordance with the powers granted to it by this Act.

(5) General powers inherent in the powers and duties of the Office:

(A) Establish and maintain an information system that promotes, facilitates, and expedites the processes of the agencies of the Executive Branch in their relationship and interaction with other agencies and the Office, except the one used by the Department of the Treasury in the execution exclusive to its operations, and that used by those agencies and government organisms in the performance of duties imposed by the system or by specific delegated functions, which the law provides for and ensures maintaining the confidentiality of the information obtained.

(B) Coordinate and request information by circular letter or memo to an officer in agencies of the Executive Branch, who shall be appointed by the head of each agency, providing that such information, in the event that special circumstances, needs or extraordinary events arise to warrant the filing of an affidavit before a notary and reports by certified public accountants indicating compliance or some other form of certification on it. This officer will liaise between the units of the Branch and the Office on matters of budget management; this officer should be the Budget Director, the Finance Director or the Director of Administration, or equivalent, and be hold the position or office at the time.

(C) Require agencies to participate in multi-agency projects directed at achieving economy, efficiency, and effectiveness.

(D) Adopt general criteria whose effect is to achieve economy, efficiency, and effectiveness in government. It may establish measures for the conservation of resources in the agencies of the Executive Branch and impose ceilings on the amount payable

regarding certain transactions and services when the Director of Management and Budget deems it necessary in order to achieve better resource utilization and sound fiscal management.

(E) The Director of the Office of Management and Budget may fix fees and other charges that are fair and reasonable for services to public agencies and instrumentalities pursuant to this Act, provided that this service is not preparing the budget of the agencies of the Government of Puerto Rico. Similarly, he/she may also receive contributions or refunds as necessary from public agencies and instrumentalities, after the Office of Management and Budget has made payments to suppliers for services from which they benefit. It will be required that prior to the provision of any service, the interested Head of Agency submit a request to that effect to the Office of Management and Budget and a contract will be signed to include services provided and the costs involved them.

(F) To perform the duties and powers imposed by this Act, the Office of Management and Budget is entitled to, pursuant to the provisions concerning the regulatory procedure laid down in Act. 170 of August 12, 1988, as amended, known as the Uniform Administrative Procedures Act, adopt any regulations necessary to carry out the powers, duties, and functions as conferred by this or any other Act.

Article 4 - Duties and Powers of the Governor in Relation to the budget. (23 LPRA § 104)

(a) In line with Article IV, Section 4 of the Constitution of Puerto Rico, the Governor shall submit to the Legislature at the beginning of each regular session, an Annual Capital Improvement Budget and Operating Expenses of the Commonwealth, its instrumentalities and public corporations, from the General Fund, Special Funds, contributions from the Government of the United States, bonds and loans, equity of public corporations and any other source of income, indicative of the objectives and government programs that the Chief Executive proposes for the next fiscal year, based on the orientation and the longer-term goals of the Comprehensive Development Plan, Four Year Investment Program Plan, and Land Use Plan, formulated and adopted by the Planning Board.

The budget shall contain the following information, in the form, size or detail that the Governor deems appropriate:

(1) A message from the Governor stating his programmatic, fiscal, and budgetary recommendations.

(2) A general statement of objectives, plans and programs in which the budget is framed and how, with the resources recommended in the budget document, these objectives, plans and programs are achieved.

(3) Descriptions of the functions, programs, and activities of the Government and its agencies, including, wherever feasible or appropriate, information on the costs of existing and proposed programs, the achievements and managerial improvements made and in the projects.

(4) All resources and expenditures of the Government of Puerto Rico and its instrumentalities and public corporations during the past fiscal year ended.

(5) An estimate of all the resources expected to be received during the fiscal year in force

upon submitting the budget, and the estimated costs to be incurred over the same period, for the Government of the Commonwealth and its instrumentalities and public corporations.

(6) Calculations of all probable resources of the Government of the Commonwealth and its instrumentalities and public corporations, regardless of their origin, during the next fiscal year based on;

(A) the laws in existence on the date the budget is submitted,

(B) legislative proposals affecting such revenue, if any,

(C) federal programs in place and

(D) other items.

(7) The allocations and expenditures that are recommended or proposed under all resources calculated after due consideration of the Comprehensive Development Plan of Puerto Rico, the Four Year Investment Program and the Land Use Plans prepared by the Planning Board for the following fiscal year, except for the Legislature and the Office of the Comptroller of the Commonwealth of Puerto Rico, which are exempt from submitting budget requests, which the Governor shall include in the budget to recommend, a budget for regular operating expenses equal to the one in effect. The Comptroller's Office will submit directly to the Legislature its own resource request for regular operating expenses on or before November 30 of the year preceding the request and shall provide the Office a copy any information submitted to the Legislature for the Office to advise the Legislature with regard to requests for resources for ordinary operating expenses of the agency. Every two (2) years the Office of the Comptroller of Puerto Rico shall submit to the Legislature a report on an external audit of its operational costs. Beginning with fiscal year 2003-2004, the Judicial Branch will be assigned an amount equivalent to three point three (3.3%) percent of the average total amount of annual income obtained in accordance with the provisions of the laws of the Commonwealth of Puerto Rico and deposited in the General Fund of the Treasury of Puerto Rico in the two (2) fiscal years preceding the current year, and that deposited to the Tax Fund, created by Act. 91 May 13 2006, as amended, and any special funds created through legislation as of July 1, 2007, that draws upon resources generated by contributory or non-contributory taxes. It is provided that if the average total amount of annual income is less than the previous year, the base amount will be equal to the last annual allocation received by the Judicial Branch. This three point three (3.3%) percent will increase for FY 2004-2005 by one tenth (0.1) of one (1%) percent and for the next three (3) fiscal years by two tenths (0.2) of one (1%) percent to a maximum of four (4%) percent of the General Fund income of the Treasury of Puerto Rico for fiscal year 2007-2008. These resources will be used for operational running costs of the Judicial Branch. If the Judicial Branch should require additional amounts to those assigned under this Act for the development, construction, and expansion of physical work or for any other purpose, it shall submit directly to the Legislature the necessary budget requests with their justifications. Recommendations and requests for allocation amounts encompassed in the general budget draft for each government agency will be supported in the budget to be submitted by detailed calculations, by expenditure, and by programs or activities.

(8) Financial statements and any other information and financial data, including the budgets of companies and public corporations as considered necessary or appropriate, to disclose as

much detail as is feasible

(A) the economic status of the State Government and the end of the most recent fiscal year,

(B) its fiscal situation calculated at the end of the current fiscal year, including all balances available for spending and

(C) the estimated fiscal situation at the end of the following year, if the proposals contained in the budget are adopted.

(b) The Governor shall submit the draft legislation for assignments and to generate income, according to the recommended budget, in the course of the regular session of the Legislature within the term established by law.

(c) In keeping with Section 8, Article VI of the Constitution of Puerto Rico, proceed according to the following priority rules in the disbursement of public funds, when resources available for a fiscal year are insufficient to cover the appropriations made for that year. He may delegate the same to the Director of Management and Budget:

(1) Order the payment of interest and amortization related to public debt.

(2) Order that the commitments under legal contracts in force, court judgments in cases of expropriation, and binding obligations to safeguard credit and reputation and good name of the Government of the Commonwealth of Puerto Rico are met.

(3) Order that disbursements be made for expenses under the allocations for recurrent expenditure related to:

(A) The preservation of public health

(B) Protection of persons and property,

(C) The public education programs,

(D) The public welfare programs,

(E) The payment of employer contributions to the retirement systems and pension payments to individuals granted by special laws and then the other utilities in the order of priorities determined by the Governor, provided that the disbursements related to services here listed will not have priority among themselves but may be addressed simultaneously; Furthermore, that adjustments may be made in any reduction in allocations for recurrent expenditure including service areas indicated in this subparagraph.

(4) Order that permanent or improvements works whose contracts have been duly formalized be performed; Provided that preference is given to emergency works motivated by disasters or acts of God, fortuitous accidents; and then proceed to the execution of those that best address the development of the normal and economic life of Puerto Rico.

(5) Order the payment of contracts and commitments under special operating assignments and then preferably address those phases of the programs that are under development or in the planning stage whose postponement directly or indirectly affects the interests of the

clientele served by the program.

(d) In the implementation of the priority rules set forth above, the administrative measures detailed below may be taken. The Governor, or the Director of Management and Budget, by delegation, will submit to the Presidents of the Senate and House of Representatives, as well as the Finance Commissions of both legislative bodies, a detailed report of the adjustments that were necessary to balance the budget under the provisions of this Article. With this report, the Governor shall submit recommendations as to how to address the works and activities whose implementation are deferred. The obligations of the postponed works are canceled for the year subject to adjustment and the books of the Director of Finance will be accounted against available resources to be allocated in subsequent years by the corresponding issuance of assignments:

(1) Adjust the allocations for regular operating expenses provided to the various agencies and instrumentalities of the state, according to the priority rules set out in paragraph (c) of Section 4.

(2) Adjust the approved appropriations for the development of permanent improvements whose execution has not been taken to public auction, postponing that part of the work authorized by law that cannot be done due to limited resources.

(3) Adjust the allocations for special programs whose postponement does not affect or conflict with contracted commitments and obligations, reducing or adjusting the amounts authorized by law.

(e) With respect to the administration and control of the budget, the Governor will have the following powers that he/she may delegate to the Director of Management and Budget:

(1) Approve the budget details by Executive Budgets, of consolidated allocations authorized in the General Fund Joint Resolution or any other laws; and resources available in special funds from State or federal origin. These details may be prepared based on certain tax years or on fees for specific periods of time within a fiscal year.

(2) Amend the budget details in the manner deemed necessary without affecting the total amount allocated to agencies, except as provided in paragraphs (c) and (d) of Article 4 or when other laws provide otherwise.

(3) Approve and endorse by executive or released budgets and expenditures special authority to incur expenses and create jobs, against any funds or assignments, regardless of their origin. These are to be construed as special authorizations not covered in the Executive Budgets referred to in paragraph (e), subsection (1).

(4) Determine what vacancies or positions likely to vacate, must not be covered during the period of time necessary.

(5) Establish budgetary reserves and restrict the resources available to organisms in any way it believes appropriate when in the execution and budget control it is deemed necessary, regardless of the circumstances set out in paragraphs (c) and (d) of Article 4.

(6) Include in the budget details under different sources of income, items necessary for the payment of debts incurred in previous years by agencies and reduce those amounts of

resources available to the agency for the fiscal year which the adjustment is made. The exercise of this function does not apply to agencies or companies that operate independently from the treasury, or those bodies which are provided with assignments for which the Office does not exercise budgetary control, which shall take appropriate action to satisfy the debts previous years.

(7) Authorize the Secretary of the Treasury to advance funds to agencies under the General Fund obligations or expenditures of programs with contributions from the US government approved but pending receipt and for payment of permanent improvements contracted and under construction, until new assignments are in effect.

Article 5 - Recommendations on Revenues. (23 LPRA § 105)

If for any fiscal year the sum of revenue calculated based on existing laws, plus resources or available balances to be allocated, were less than the proposed expenditure, the Governor shall recommend to the Legislature new contributions, loans or other appropriate action to address the deficit calculated. If the sum of all the calculated revenue is greater than the proposed expenditures, the Governor shall make recommendations that he/she considers required by the public interest.

Article 6 - Creation the Budget Fund. (23 LPRA § 106)

a) A trust fund of the Government of the Commonwealth under the custody of the Secretary of the Treasury to be known as the "Budgetary Fund" is hereby authorized and created.

(b) Beginning with fiscal year 95-96, the "Budgetary Fund" shall be capitalized annually by not less than one third (0.33) of one percent (1%) of the total Joint Budget Resolution. Beginning in fiscal year 1999-2000, this contribution will be of no less than one percent (1%) of total net revenues of the fiscal year. In addition, it is ordered that from fiscal year 1999-2000 on, all revenues that do not constitute net revenues to the General Fund that are not designated by law for a particular purpose enter the Budgetary Fund. The Governor of Puerto Rico and the Director of the Office by delegation of the former may order the income from any sources of income in the Fund in any amount greater than the one set here whenever he deems appropriate. Similarly, an allocation to nourish the Fund can be included as part of the budget for each fiscal year. By way of exception, in FY 2014-2015, the Budgetary Fund will not enter the remedies provided for capitalization from applying the percentage of total net revenues of the previous fiscal year and income that does not constitute net income. This without it being understood as a limitation on the power of the Legislature to provide or authorize other mechanisms to nurture the Budgetary Fund. The maximum balance of this fund shall not exceed six percent (6%) of the total funds for all items assigned by the Joint Budget Resolution for the year in which the income of those resources to the Budget Fund is ordered.

(c) The Budgetary Fund will be used to cover appropriations approved for any fiscal year in which the revenues available for that year are insufficient to meet them, and to honor the payment of the public debt. Provided that the Fund may be used to address situations that affect the delivery of public services for citizens, for which a justification signed by the head of the agency concerned must mediate, that explains, in detail, their need and the actions taken to try to

cover it from its own budget.

(d) The Governor and the Director of the Office of Management and Budget, by delegation, will provide financial resources from the Fund to agencies and public corporations to meet obligations or expenditures of programs with contributions from the Government of the United States approved and pending receipt; for the payment of contracts for permanent improvements under construction until assignments are effective, and for payment of determinations made by State and Federal Courts.

(e) The Governor is hereby authorized to order the use of resources from the Budgetary Fund as necessary to address such situations.

Article 7 - Special Fund. (23 LPRA § 105c)

A Special Fund is hereby created under the custody of the Office of Management and Budget, not subject to a specific, distinct fiscal year and separate from any other money or funds of the State fiscal year, to enter the funds arising from payments or refunds made by public agencies and instrumentalities of the Government of Puerto Rico as a result of the imposition of fees and / or charges.

This fund will be used by the Director of the Office of Management and Budget to cover expenses related to services provided by the Office and / or those that may be contracted for the benefit of the agencies and instrumentalities of the Government of Puerto Rico or to cover any needs identified in the Office of Management and Budget.

Article 8 - Limitation on Expenditures in Election Year. (23 LPRA § 108)

During the period from July 1 of the year when general elections and the date of the inauguration of the newly elected officials in these general elections it will be illegal to incur expenses or obligations that exceed fifty (50) percent of the budget allocation for each item. Secretaries and Heads of Agencies will be directly responsible for any violation of this provision, which constitute a less serious offense (misdemeanor) and may lead to a penalty not exceeding six months imprisonment or a fine of (\$500) five hundred dollars, or both penalties at the discretion the Court. Provided, however, that this limitation shall not apply to the Judicial Branch, the Legislative Branch, allocations for matching federal funds requiring advance of the capital improvement programs, payment of the public debt, allocations to the University of Puerto Rico and assignments with specific legal purposes and does not constitute ongoing operating costs.

Article 9. - Succession. (23 LPRA § 109)

(a) The Office of Management and Budget will succeed for all purposes the Bureau of the Budget, created by Act. 213 of May 12, 1942, as amended, in accordance with the provisions of this law.

(b) The Office of Management and Budget will receive as a transfer to be used for the aims and purposes of this Act, any property or any interest therein; records, files and documents; funds already appropriated or to be made available in the future, including surpluses, assets and debts of all kinds; obligations and contracts of any kind; and licenses, permits and other authorizations.

(c) All personnel working in the Bureau of the Budget the time of adoption and effective date of this Act, shall be transferred to the Office of Management and Budget. Such personnel shall retain the rights acquired at the date it becomes effective the enforcement of this law, and the rights, privileges and obligations and status regarding any system or existing pension, retirement or savings and loan fund, to which they are affiliated .

Article 10 - Assignment. (23 LPRA § 101 note)

The allocation of funds for operating expenses of the Office shall be included in the annual budget submitted to the Legislature. If for any reason no funds for expenditures are included in the annual budget, the allocation for that year shall be equal to the one for the immediately preceding year.

Article 11. - Repealing Clause. (23 LPRA § 101 note)

. Articles 1, 20, 30, 31, 32, 32A, 32B, 32C, 32D and 33 of Act No. 213 of May 12, 1942 as amended are repealed; as well as Act Num. 77 of June 24, 1975 known as the Organic Law of the Bureau of the Budget. All laws or parts of laws or regulations inconsistent with the provisions of this Act are hereby repealed.

Article 12 - Severability Clause. (23 LPRA § 101 note)

If any word, clause, sentence, section or other part of this law were challenged for any reason before a court and declared unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions and portions of this law, but its effect will be limited to the word, clause, sentence, section or part specific and declared unconstitutional or invalid, and the nullity or invalidity of any word, clause, sentence, section or part in any case will not be deemed to affect or prejudice in any sense its application or validity in any other case.

Article 13. - Effectiveness. - This Act shall take effect immediately after its approval.

Note. This document was compiled by staff of the Office of Management and Budget of the Commonwealth of Puerto Rico, as a means to alert users of our Library of recent amendments voted for this law. Although we have made every effort in preparing the same, this is not an official compilation and may not be completely free of inadvertent errors. In the same are incorporated all the amendments made to the Act to facilitate consultation. For accuracy and precision, refer to the original texts of the Act and LPRA annotations in italics and brackets added to the text, not part of the Act; these would only be included for the case where a law was

repealed and has been replaced by another which is in force. Links to Internet only turn to government sources. Links to amendatory laws belong to the website of the Office of Legislative Services of the Legislature of Puerto Rico. Compiled by the Library of the Office of Management and Budget.