

105TH CONGRESS  
2D SESSION

# H. R. 4769

To require the Secretary of the Treasury to prepare a report on the current Federal program costs, and Federal revenues, attributable to the Commonwealth of Puerto Rico and on other matters relating to the taxation of residents of the Commonwealth of Puerto Rico.

---

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 1998

Mr. ENGLISH of Pennsylvania introduced the following bill; which was referred to the Committee on Ways and Means

---

## A BILL

To require the Secretary of the Treasury to prepare a report on the current Federal program costs, and Federal revenues, attributable to the Commonwealth of Puerto Rico and on other matters relating to the taxation of residents of the Commonwealth of Puerto Rico.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. FISCAL EQUITY AND RESPONSIBILITY FOR**  
4       **PUERTO RICO.**

5       The Secretary of the Treasury shall prepare and sub-  
6       mit to Congress a report which includes detailed informa-  
7       tion with respect to—

1           (1) the cost of all current Federal programs,  
2           services, benefits, entitlements, and activities in the  
3           Commonwealth of Puerto Rico, separately indicating  
4           the cost of each major category of Federal spending;

5           (2) all revenues received into the Federal  
6           Treasury collected in or attributable to the Common-  
7           wealth of Puerto Rico;

8           (3) the reliability and efficiency of current fi-  
9           nancial management and budget execution processes  
10          involving transactions between Federal and Com-  
11          monwealth of Puerto Rico fiscal systems;

12          (4) measures which would be necessary or rec-  
13          ommended in the event Congress determines to in-  
14          troduce and phase-in over a period of years Federal  
15          taxation for residents of the Commonwealth of Puer-  
16          to Rico on the same basis as in the States of the  
17          Union, as well as the application of all additional  
18          forms of Federal corporate taxation on the same  
19          basis as in the States of the Union;

20          (5) the operation of the current system of tax-  
21          ation in the Commonwealth of Puerto Rico under  
22          local law, including historical and current levels of  
23          revenue and allocation of such revenues under local  
24          law, as well as adjustments in local tax law and pol-  
25          icy which would be necessary or appropriate in order

1 to facilitate introduction of Federal taxation in the  
2 event Congress determines that integration of the  
3 Commonwealth of Puerto Rico into the Federal fis-  
4 cal system is in the national interest; and

5 (6) possible alternative forms of Federal tax-  
6 ation which would result in the collection by the In-  
7 ternal Revenue Service from individuals and cor-  
8 porations in the Commonwealth of Puerto Rico of  
9 revenues which after a reasonable transition period  
10 will equal or exceed the annual costs of the Federal  
11 Government in the Commonwealth of Puerto Rico,  
12 including recommendations regarding the feasibility  
13 of a gradual phase-in of Federal taxes proportional  
14 to levels of income and Federal spending in the  
15 Commonwealth of Puerto Rico relative to the nation  
16 as a whole.

○