Law No. 83 of June 5, 2011

“Law for Financial Assistance Program for Nonprofit Organizations”

To establish the “Program of Financial Assistance to Non-Profit Organizations”, assigned to the Economic Development Bank for Puerto Rico (Banco de Desarrollo Económico para Puerto Rico) for the purposes of granting lines of quick processing credit, for the payment of *operational expenses*, to the eligible nonprofit organizations and recipients of donations or appropriations state or federal, for their continued operation; and for other purposes.

STATEMENT OF MOTIVES

Non-profit organizations, as their name indicates, constitute organizations which do not seek profit or economic benefit for their members, but rather an altruistic and generous for the benefit of uerto Rican society. It is widely known that these entities play an important role in the solution of social problems in Puerto Rico. The vast majority of these organizations offer care priority to the most needy sectors of our society, such as minors, young people, the elderly and victims of abuse. In turn, the services offered by the Non-profit organizations address the main ills that afflict our society, such as domestic violence, child abuse, the use of controlled substances and abandonment.

In addition to the important social work carried out by non-profit organizations, they contribute greatly to the economic development of our country. According to the Study of the Nonprofit Organizations 2002, the nonprofit sector contributed $2,156 million to the Gross Product in the year 2000. This estimate is one conservative that counts only the sector's payroll and voluntary work. This figure It represents around 5.2% of the Gross Product. Additionally, this sector generated between 113,000 and 121,000 direct jobs, which represents more jobs than those generated by tourism and agriculture. When taking into account the benefits and avoided costs of having the non-profit organizations, it is evident that, if they do not exist or they reduce its services, the Government's responsibility would increase significantly, as well as its burden fiscal. Therefore, this Legislative Assembly must direct its efforts to address and resolve the problems that confront non-profit organizations and which unfortunately unnecessarily difficult the work they do.

It should be emphasized that the vast majority of non-profit organizations are entities small, with few resources, which depend exclusively for their operation on state or federal donations or allocations.

One of the serious problems faced by these entities, mainly those whose operation depends largely on donations or government allocations, it is the delay in the distribution of said donations and approved allocations. The agencies corresponding authorities in the Government take months, even years, to process assignments approved and distribute the funds. This situation causes non-profit organizations to profit incur delays in the payments of different obligations, such as contributions on income, electric energy services, water supply, and even the payroll of its employees.

These delays in the distribution of approved allocations represent an additional cost of operation and a potential danger to the continued functioning of non-profit organizations.

profit, especially to small or medium-sized companies that do not have alternative sources of income. income to cover its operating expenses.

Therefore, the purpose of this Law is to establish a program to be called “Plan of Financial Support to Non-Profit Organizations”, attached to the Development Bank Economic for Puerto Rico, for the purposes of granting lines of credit, with rapid processing, to those non-profit organizations that receive donations or allocations from the Government State or Federal. Understanding that non-profit organizations need the public and private contributions to fulfill their service functions and improve the quality of life of citizens, we resolve to establish a temporary aid program for them.

Therefore, the Legislative Assembly considers it highly meritorious to approve this legislation, whose purpose is to address and solve the problems faced by non-profit organizations, profit that provides so many benefits to the Puerto Rican people.

It is decreed by the Legislative Assembly of Puerto Rico:

Article 1. — Title. (6 L.P.R.A. § 71 note)

This Law will be known as the “Financial Assistance Program Law for Non-Profit Organizations.

Article 2. — Lines of Credit. (6 L.P.R.A. § 71)

A program is established in the Economic Development Bank for Puerto Rico be called “Program of Financial Assistance to Non-Profit Organizations”, by granting quick lines of credit to non-profit organizations profits that establish before the Secretary of the Treasury their right to enjoy exemption taxable in those areas covered by the different tax laws that apply to it; for those non-profit organizations that have approved and approved funding allocations applicable state or federal regulations, where applicable procedures and regulations of the federal agency that would carry out the disbursement of said funds allow us to take an assignment of payment on them and that said procedures and regulations also allow the remit payments directly to the Bank, and participate in activities eligible to be financed by the Bank, in accordance with its applicable policies, rules and procedures.

Quick processing will mean the period of time that includes from when the presentation of a request to grant the line of credit before the Economic Development Bank for Puerto Rico has been completed, up to the next twenty (20) calendar days. Saying The term may be extended at the request of the requesting entity. It is established that the mere filing does not under any circumstances represent a firm expectation of approval of the requested line of credit.

It is also provided that the non-profit organization will be authorized to request the aid from the Program once you receive the official notification indicating the amount that will be assigned.

Provided, that in the case of allocations of state funds, the procedures and the applicable regulations of the agency, instrumentality, subdivision, municipality and/or public corporation that would carry out the disbursement of said funds must allow taking a assignment of payment on them, and that said procedures and regulations also allow that payments be sent directly to the Bank. The lines of credit granted under said Program must be processed quickly.

It is also provided that the entity or organization may only take through the line of credit up to a maximum of 80% of the proposal, allocation or donation approved by the government agency.

Article 3. — Line of Credit-Use. (6 L.P.R.A. § 72)

These lines of credit will be used to pay *administrative and operational expenses*. up to a maximum interest of one (1) percentage point on the prime rate. Provided, that in those cases where the circumstances, needs and interests special events involved require it, the Economic Development Bank for Puerto Rico may exempt the participating entity from paying interest. The regulations required by this Article will provide the rules and requirements applicable to said declaration of exemption. The lines of credit will be guaranteed with the state or federal donation or allocation granted to the non-profit organization for its operation and for any other additional collateral available that, in the opinion of the Economic Development Bank, ensures reasonable manner your risk.

The Economic Development Bank at its discretion will establish, in light of the merits of each case in particular, the repayment period of a line of credit granted under the this Law, the time it takes for distribution and delivery by state agencies corresponding amounts of any state or federal donations or appropriations under its control and that have been approved for the non-profit entity in question.

Any agency of the Government of Puerto Rico and its instrumentalities are ordered to subdivisions, municipalities and/or public corporations with control or custody of donations or approved state or federal appropriations to a nonprofit entity to which grant a line of credit under the Program, to be disbursed directly to the Bank of Economic Development, prior to the corresponding transfer of accounts receivable by the non-profit entity to which it corresponds, the disbursement of the aforementioned allocation or donation as payment for services provided of those amounts owed, provided that the transfer does not exceed 80% of the approved donation or allocation. The interest accumulated on the line of credit will be the entire obligation of the entity or contracting organization. This Program is a voluntary one whose purpose is to present a alternative to non-profit institutions to meet their economic needs without the provision of services is affected.

Article 4. — Regulations. (6 L.P.R.A. § 73)

The Economic Development Bank for Puerto Rico will adopt, within ninety (90) days following the approval of this Law, the regulations that establish the procedures and the terms within which they are to be evaluated and a determination made as to Complete applications submitted by endless organizations. (6 L.P.R.A. § 7) is for profit eligible.

Article 5. — Validity.

This Law will come into force as of July 1, 2011.

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| See also the [Original Version of this Law](https://bvirtualogp.pr.gov/ogp/Bvirtual/leyesreferencia/PDF/2/0083-2011.pdf), as approved by the Legislature of Puerto Rico |

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