

# ***P* R E S S R E L E A S E**

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## **GDB PRESIDENT PLEASSED BY APPROVAL OF BOND ISSUE; EXPRESSES CONCERN ABOUT PROPOSED TAX RELIEF MEASURE**

The President of the Board of Directors of the Government Development Bank for Puerto Rico, Alfredo Salazar, was pleased by the Senate's approval of the project that enables the issuance of \$500 million in General Obligation Bonds corresponding to fiscal year 2006.

“In response to the approval of this bond issue that we proposed in December, we have scheduled it for the second week of August. We are glad to inform the agencies and municipalities that will be benefited by this measure that they can come to the GDB and request an advance for the corresponding funds with the sole objective of stimulating the economy of the Island through investment in public and infrastructure projects,” Salazar said.

This bond issue will produce \$325 million in new money and \$175 million for the repayment of existing debt of the Public Improvements Fund.

The GDB President also referred to Bill of the House 3197 which proposes certain exclusions from tax payment for individuals to be approved without holding public hearings or consulting the Secretary of the Treasury. Salazar said that “although we are all in agreement with the public policy of granting tax reliefs to the working middle class, it should be done in consultation with the Secretary of the Treasury and his technical staff.”

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“With the approval of the Fiscal and Tax Reforms we manage to calm down the financial markets, achieving a stable rating for our credit from Standard and Poor’s. Proposing improvised measures without the proper analysis now would affect the stability attained during the last months,” Salazar said.

Hence, Salazar stated that “we do not question the merits of this measure, but we demand careful consideration in light of the fragile financial stability of the Central Government and the approval of a budget for next fiscal year lower than last year’s, which could be reduced by \$200 million if this project is approved.”

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