

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



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Executive Director

BY ELECTRONIC MAIL

May 22, 2020

The Honorable Wanda Vázquez Garced
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico

Dear Governor Vázquez Garced, President Rivera Schatz, Speaker Méndez Núñez:

We have become aware that Senate Bill 1524 (“SB 1524”) was recently approved by the Senate. SB 1524 purports to amend Act 18-1998, as amended, known as the “Puerto Rico Minimum Wage, Vacation and Sick Leave Act” to restore vacation and sick leave days to private sector employees to pre-Act 4-2017 levels.

While we agree with the spirit and intent of the proposal, the severity of the impact that the COVID-19 crisis will cause in our economy is still highly uncertain. Moreover, as businesses continue to open amid the COVID-19 pandemic, many of the jobs available to the people of Puerto Rico will be on a part-time basis as opening hours are limited under safety measures by the Government. Further, not all those who were employed prior to the COVID-19 crisis will be able to rejoin the labor force since jobs lost in the last three months will not be immediately available to the working class. Thus, measures such as those proposed by SB 1524 that represent an additional significant cost to private sector businesses should be carefully analyzed and reviewed given that the private business sector has been the most affected by the COVID-19 pandemic. Moreover, it is highly probable that the proposed increase in accrued vacation and sick leave for private sector employees will threaten Puerto Rico’s competitiveness, reduce its appeal to attract new business due to the increase in operating costs that the measure entails, and limit the re-emergence of small- and mid-sized businesses after the COVID-19 pandemic.

Given the federal assistance that has already been provided through the CARES Act and the local

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Emergency Support Package recently adopted by the Government and approved by the Oversight Board, we would recommend not enacting measures such as SB 1524. Further macro-level and comprehensive analysis should be conducted on how to strategically focus Puerto Rico economic policies and initiatives in order to boost the Island's limited resources into a broad-based economic and social recovery.

Accordingly, the Oversight Board recommends that SB 1524 not be adopted by the Legislature nor signed by the Governor. The Oversight Board will continue to work closely with the Governor, the Legislature, and the private sector to mitigate the crisis to the extent possible.

Please be further advised that the Oversight Board reserves all its rights to nullify and enjoin enforcement of legislation pursuant to PROMESA sections 204 and 108(a)(2).

Sincerely,



Natalie A. Jaresko

CC: Mr. Omar Marrero Díaz