

PROMEASA Task Force

Chairman Orrin Hatch and Members,

Listed Below are my ideas and thoughts on changes to help Puerto Rico become more viable.

1. Puerto Rico needs to get out of the car insurance business. The \$99/ year car insurance that is required by the Commonwealth provides minimal coverage. Expense to the Commonwealth could be reduced by eliminating this coverage, appointing or electing a Insurance Commissioner and opening the market to insurance companies. Employees currently working for the Commonwealth in this area could be employed by these insurance companies. There would also be an increase in tax revenues from these businesses.
2. Reduce the Underground economy. The work participation rate in Puerto Rico is very low. Part of the reason is the large underground economy. Ride around the island and you will notice many kiosk selling a variety of food items from fruits and vegetables to pinchos and other food items. A large majority of these are unregulated and pay no taxes. Many of the food kiosk never get a health inspection. Permitting these kiosks will generate tax revenue and improve the overall health on the island.
3. Make Puerto Rico a better Vacation Spot. The number of hotel rooms in Puerto Rico is small compared to many other Caribbean islands. Attracting tourism via increasing the number of hotel locations and rooms is perhaps the quickest way to increase employment across the island.
4. Reduce the crime rate on the island. Part of the tourism problem stems from the news of the high crime rate on the island. There are few unmarked police cars. Police cars go around with (even Police Cars/motorcycles) their red/blue lights flashing all the time. No GPS locators in Police cars. No assigned Patrol areas. Very lack enforcement of traffic laws. Cars with one or no front or brake lights are not stopped. Cars make turns out of the wrong lanes constantly. They need to use the example of New York city under Rudy Giuliani and start with the petty crimes and many of the larger ones will not appear.
5. Make the port in Ponce the main port for Puerto Rico and make it a deep water port to transload the new larger ships that will be coming through the larger Panama Canal to smaller ships for ports that cannot handle the larger ships. Expand the cruise ship berths in the Port of San Juan to accommodate more and larger cruise ships. To reduce the large truck traffic on the roads of Puerto Rico, construct a railroad from the ponce port around the island to San Juan. This deep water transload port and railroad will boost the economy, provide jobs and increase the tax revenue for the island.
6. Continue to weed out Corrupt Politicians. Political corruption has been going on ever since Spain discovered the Caribbean island and appointed governors with little or no pay but expecting them to take a little off the top to compensate themselves. This idea has continued ever since in South and Central American and the Caribbean Islands. The US Attorney on the Island is doing a great job in this area but still the accepted belief of most people on the island is that most of the politicians are corrupt.
7. Get out of the Power Generation Business! The Puerto Rico Electric company is a disaster. Power Generation needs to be privatized to upgrade the power generation facilities,

infrastructure and reduce the number of state employees. Puerto Rico has the highest electrical rate of any State and that alone keeps business investment away. The high electrical rates disproportionately affect the poor and leads to power being stolen, bills not being paid by individuals, hospitals and cities and government offices. The history of Corruption in this Utility is reason enough to privatize this industry. The current switch from oil to LNG will do little to reduce bills due to the antiquated power facilities.

8. Reduce the taxes on Businesses. The high tax rate on business, particularly those who import goods is keeping many businesses away from Puerto Rico and causing others to either close or increase their prices which again disproportionately affects the poor.