

**RECOMMENDATIONS FOR ECONOMIC DEVELOPMENT OF
PUERTO RICO
BY SAN JUAN TECH MEETUP**



September 1, 2016

Dear Congressional Task Force on Economic Growth in Puerto Rico:

As a stakeholder in the economy of Puerto Rico, I, founder and chairman of the San Juan Tech Meetup, am submitting recommendations for economic development on behalf of the members of the San Juan Tech Meetup

The San Juan Tech Meetup (SJTM) is a community of entrepreneurs and innovators in Puerto Rico. Together, our twelve hundred members make up the local innovation ecosystem. Our mission is to support entrepreneurship and innovation in Puerto Rico.

The recommendations in the following document are focused on creating the conditions for the entrepreneurs to flourish in Puerto Rico.

Respectfully yours,

Kenneth Kay

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Founder and Chairman of the San Juan Tech Meetup

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Impediments to Economic Growth

- **Amend Sections 367 and 482 of the IRC to exempt from federal taxation transfers of Intellectual Property to Puerto Rico entities.**

This would attract tech companies with existing IP to relocate to PR and take advantage of Act 20.

- **Amend the source rules under Sections 861 and 862 of the IRC to exclude software license fees (from Puerto Rican licensors/startups) from being considered US sourced income, and therefore subject to a 30% withholding tax.**

This would encourage local companies to build software businesses in Puerto Rico.

- **Exempt Puerto Rico from the Jones Act of 1920**

This restriction to the free market results in an increase of more than \$500 million for Puerto Rico's consumers and businesses.

Programs to revitalize Puerto Rico

- **Establish a Free Trade Zone between Cuba and Puerto Rico**

Allow goods and services to flow to and from Cuba without import duties.

- **Create a Puerto Rico Digital Service**

Modeled after the US Digital Service, a Puerto Rico Digital Service will implement the best practices in E-Government to transform Puerto Rico into a “native digital” government.

- **Create the Office of the Chief Information Officer of Puerto Rico** with the responsibilities and authority with which it is treated in all the states. Puerto Rico's antiquated technology infrastructure must be quickly upgraded under the direction of a CIO.

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- Create a “Startup Visa” program for Puerto Rico

Several countries, such as Canada, offer visas for founders of startups. USA does not currently offer such visas. Pilot Startup Visas in Puerto Rico.

Changes to Federal law and programs

- Name all the Municipalities of Puerto Rico as HUBZONE and a Promise Zone to increase access to federal contracting opportunities for small businesses.

- Expand scope of EB-1 visa to incentivize immigration of talented foreign entrepreneurs and attract globally oriented high-growth startups to Puerto Rico.

- Ease EB5 Visas for Puerto Rico

Lower capital requirements to \$500,000 and \$250,000 respectively. Include the whole Island of Puerto Rico as a need area to economic development.

- Allocate a few thousand H1B visas specifically for Puerto Rico

This would attract many talented foreign workers and large tech companies to Puerto Rico. It also mitigates the “brain drain” which is devastating the economy.