

## **A Resolution Urging Congressional Action to Clarify the U.S. Tax Code to Prevent Misuse of Puerto Rican Tax Incentives and Address the Negative Economic Impact on the People of Puerto Rico**

**WHEREAS**, since 2012, Puerto Rico has provided tax incentives to investors, primarily mainland Americans, allowing them to pay no taxes on interest, dividends, or capital gains upon relocating to the commonwealth;

**WHEREAS**, these tax incentives were initially intended to promote economic growth and investment in Puerto Rico;

**WHEREAS**, a decade later, evidence from an Internal Revenue Service investigation indicates misuse of these incentives, leading to growing frustrations among Puerto Ricans due to the apparent favoritism;

**WHEREAS**, despite the influx of investors, there is limited evidence of trickle-down benefits for the broader Puerto Rican economy, as reported by the [Washington Post](#) (“Puerto Rico Is Being Far Too Generous With Rich Investors”, Levin, September 22, 2023).

**WHEREAS**, such misuse undermines the intent of the tax incentives, potentially displacing local residents and causing significant economic disparities;

**BE IT RESOLVED**, by the City Council of Chicago that:

1. **Congressional Action:** We hereby urge the United States Congress to take immediate action to clarify and amend the U.S. tax code to prevent the misuse of Puerto Rican tax incentives.
2. **Protection of Intent:** Any amendments to the tax code should preserve the original intent of promoting economic growth in Puerto Rico while preventing potential misuse and addressing the negative economic impacts on the local population.
3. **Collaboration:** We encourage collaboration between federal, state, and local governments, as well as with Puerto Rican authorities, to ensure that tax policies are fair, transparent, and effective.
4. **Education:** We recommend educational campaigns to inform the public about the proper use of tax incentives and the potential consequences of misuse.

**BE IT FURTHER RESOLVED**, that a copy of this resolution be sent to our local Congressional representatives, the Speaker of the House, the Senate Majority Leader, and other relevant stakeholders.



Jessie Fuentes  
Alderman, 26<sup>th</sup> Ward