

PARITY OF FUNDS: BACKGROUND & BASIC CONCEPTS

[This Photo](#) by Unknown
Author is licensed under [CC BY-NC-ND](#)



Relevo y Advertencias legales

- Esta presentación es para propósitos educativos exclusivamente y no tiene como fin, ni debe considerarse, como una consulta contributiva, legal o de contabilidad.
- Cualquier consejo que esta presentación contenga no ha sido considerado o escrito para ser usado, y no puede usarse, con el propósito de evadir penalidades que puedan imponerse al amparo del Código de Rentas Internas o de cualquier disposición contributiva local, estatal o federal.

© FPV & Galíndez, LLC (15 de octubre de 2020)

Recursos

- **Kenneth Rivera-Robles, CPA, Esq**
Socio de Contribuciones
Email: kenneth@fpvgalindez.com
Teléfono: 787-725-4545



Court Cases



US v. Vaello

- Citizen of US
 - SSI Benefits since 1985
 - Moves to PR in 2013
 - US Government sues to recover \$ 28,081
 - Vaello sues to keep SSI
- Supplemental Security Income (SSI)
 - Adopted in 1972 replacing Aid to the Aged, Blind and Disabled (AABD)
 - SSI only applies to States, Washington DC and Northern Mariana Island
 - AABD was maintained in Puerto Rico

US v. Vaello

- Decisions
 - District Court → Feb. 2, 2019
 - Due Process 5th Amendment
 - Court of Appeals → Apr 10, 2020
 - Confirmed District Court
- Request for Review by the Federal Supreme Court
 - Voluntary
 - US Filed on September 20, 2020
 - Vaello has until November 9, 2020 to reply

Peña Martínez v. ASAR

- 9 Plaintiffs
 - Moved to PR
 - Lifelong Residents

- Programs Included
 - SSI
 - Supplemental Nutrition Assistance Program (SNAP)
 - PR was moved in 1981 to NAP (PAN is Spanish)
 - which is block grant
 - Applies to USVI and Guam
 - Low Income Subsidies (LIS)

Peña Martínez v. ASAR

- District Court – August 3, 2020
 - Decides for Plaintiff
 - Injunction prohibiting exclusion of PR Residents
 - 60 day
- Stay of Decision until October 30, 2020

Peña Martínez v. ASAR

- Cost to US – Next 10 years
 - SSI \$23 billion
 - \$2.3 billion per year

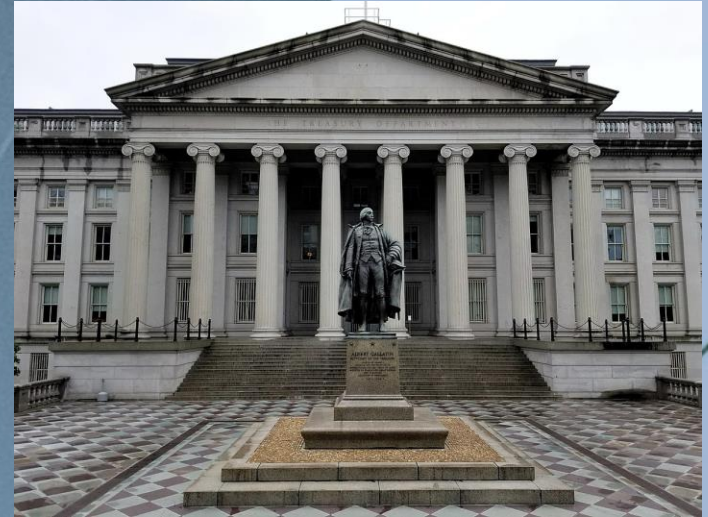
Consejo de Salud v. US

- Programs
 - Medicaid
 - Medicare
 - State Children's Insurance Program
- Agreement to stay pending Vaello

Butterfly Effect

- GAO 2014 Statehood Cost Study
 - Identifies 29 Federal Welfare Programs
 - Puerto Rico does not receive same treatment in 15 of those
- Additional Court Cases will likely appear

US Government's Position



US Position

- Puerto Rico Does not Pay Federal Income Taxes
 - Beneficiaries usually do not pay US taxes
 - Puerto Rico paid \$3.5 billion in 2019
 - Puerto Rico tax status was decided by US since 1921
- Cost of Benefits to US
 - SSI → \$23 billion next 10 years
- Disruption to Puerto Rico Economy

Original Cases

- Califano v. Torres, 435 US 1 (1978)
- Harris v. Rosario, 446 US 651 (1980)

What the Future Holds



Possible Outcome

- Judicial Resolutions
 - Puerto Rico Prevails in Cases
 - Justice Young's Injunction Order is Maintained
- Executive Resolutions
 - Stop the legal actions
- Congressional Resolution
 - Enactment of Legislation

Call to Action

- Is a matter of Fairness
- Economic Impact
 - 936 Repeal
 - PROMESA
 - Hurricanes
 - Earthquakes
 - COVID-19

