Financial Oversight & Management Board for Puerto Rico

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Chair and Board Member

BY ELECTRONIC MAIL

August 8, 2026

The Honorable Pablo José Hernández
Member of Congress
House of Representatives
Washington, DC 20515

Dear Resident Commissioner Hernández,

Thank you for your June 16, 2026, letter requesting information on the recent amendment to the Puerto Rico municipal construction excise tax statutory scheme adopted in Act 215-2024 ("Act 215"),[1] and its effect on reconstruction projects and critical infrastructure improvements in Puerto Rico funded with disaster recovery and other aid provided by U.S. taxpayers through the U.S. Government. As we discussed with your office, we have taken additional time to respond to research this complex issue and provide you with the most accurate information available.

The Oversight Board has raised several concerns about Act 215, mainly about its potential effect on government funded infrastructure projects and on the integrity of Puerto Rico's public procurement process. The law, as currently drafted, must not be implemented until the Oversight Board receives the information it requested from the Puerto Rico Government regarding the Act and its compliance with the Fiscal Plan for Puerto Rico and PROMESA, including a formal estimate of the fiscal impact of the Act.[2] Meanwhile, it has also come to our attention that several municipalities in recent years increased the excise tax on projects that receive government funding. While

[1] Puerto Rico, Act No. 215-2024, *An Act to Amend Act No. 107-2020, Known as the "Puerto Rico Municipal Code"* (Sept. 17, 2024).

[2] FOMB - Letter - AAFAF - Follow up letter re Act 141-2024 and Act 215-2024 Extension - December 30, 2025.pdf - Google Drive, FOMB - Letter - Mayors Assoc. and Federation - Act 141-Act 215 of 2024 - June 1, 2026.pdf - Google Drive

municipalities have the authority to charge excise taxes on construction and other infrastructure projects, just as municipalities in many other U.S. jurisdictions can and do, and federal awards have in practice borne those taxes at a municipality's generally applicable rate, the recent practice of charging a higher rate on projects that receive local or federal funding than on privately funded projects warrants closer examination.

Above all, we share your priority: the Puerto Rico Government and every Puerto Rico mayor must ensure the people receive the federal funding they need and deserve, and every dollar reaches its intended project. We agree, as you stated, "Puerto Rico's priority must be to maximize the effectiveness of federal reconstruction funds and ensure full compliance with applicable laws and regulations so that recovery projects can be completed efficiently and without unnecessary delays or added costs."

This is why the discrepancy in construction excise tax rates between privately funded projects and those receiving government funding, including U.S. Government funding, matters.

- Currently, 22 of Puerto Rico's 78 municipalities (28%) impose higher construction excise tax rates on government-funded infrastructure projects than on privately funded projects.[3]
- Among these, 15 municipalities levy a 10% tax on government-funded projects – in most cases double, and in some cases more than double – the rate imposed on comparable private-sector projects.
- The trend gained momentum following Hurricane Maria in 2017, when Puerto Rico began receiving substantial federal disaster and recovery funding. Since then, 20 of the 22 municipalities have adopted differential tax rates for government-funded projects. Of those, 11 implemented higher tax rates between 2022 and 2025,[4] underscoring the growing prevalence of the concerning trend.

Several U.S. jurisdictions impose sales or excise taxes on construction projects, including those that receive government funding, by treating the contractor as the consumer of materials and taxing their purchases.[5] Other jurisdictions exempt government-funded construction projects from such

[3] Adjuntas, Añasco, Cabo Rojo, Camuy, Ciales, Cidra, Guánica, Guaynabo, Lajas, Lares, Maunabo, Orocovis, Peñuelas, Ponce, San Germán, San Sebastián, Toa Alta, Trujillo Alto, Utuado, Vega Baja, Vieques, and Yauco. The accompanying table identifies an additional municipality, Patillas, that has adopted a specific provision addressing government contractors but applies the same rate to government-funded and private construction. Patillas is therefore not included in the 22 municipalities imposing a higher rate.

[4] Añasco, Camuy, Ciales, Guánica, Lajas, Lares, Maunabo, Peñuelas, Toa Alta, Trujillo Alto and Vieques.

[5] Steptoe & Johnson, *State and Local Taxation of Federal Government Contractors* (surveying state construction sales tax structures, including states such as California, Florida, Virginia, Washington, and West Virginia that tax contractor purchases on government-funded projects), available at https://www.steptoe.com/a/web/156/4257.pdf; see also U.S. Department of Energy, *State Sales Tax Exemptions* (Clause G-12.1, Aug. 2023) (tabulating states where construction on government contracts is "Taxable" vs. "Exempt"), available at https://supplier.kcnsc.doe.gov/ptl/documents/d/guest/g-12-1_2023-08-02.

taxes altogether.[6] We are unaware, however, of any jurisdiction that imposes a *different tax rate* on construction projects based on the source of funding. In the states and localities, we have examined thus far, government-funded construction is either fully exempt or taxed at the same rate as private construction.

The Puerto Rico Government and municipalities must ensure the different tax rate complies with U.S. Government and government agency cost principles[7] and that the application of different tax treatment is not interpreted as "unreasonable" and "discriminatory,"[8] which could jeopardize federal disaster recovery and other funding for Puerto Rico. The U.S. Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards defines costs as reasonable if they do "not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost." A tax rate applied to a project because it is funded by the U.S. Government and set above the rate the same municipality applies to comparable private construction, invites the question whether the incremental amount meets that standard. The determination of whether such costs are allowable charges to a federal award rest with the federal awarding agencies.[9] Municipalities may well be operating in an uncharted policy space that has not been tested against federal cost principles, which warrants closer review and coordination with the relevant U.S. government agencies.

In addition, the Oversight Board is concerned that the practice could divert important funds from critical infrastructure reconstruction and improvement projects if funds appropriated for the projects are instead used to cover the elevated excise tax. The Oversight Board is aware that contractors seek reimbursement for municipal excise taxes from government agencies. The reimbursement for those taxes comes from a project's appropriations. Such taxes would therefore certainly be reflected in bids for projects, and the Oversight Board is concerned that less of the appropriated federal funds flow to the actual project. Further, separate tax regimes for 78 different municipalities are administratively inefficient.

This is a particularly relevant issue now. In June, the U.S. House Committee on Appropriations included language to its report accompanying the 2027 U.S. Department of Homeland Security

[6] For example, under New York Tax Law § 1115, tangible personal property that becomes an integral component of a structure owned by the State or any political subdivision is exempt from state and local sales and compensating use tax, and contractors may purchase materials tax-free using Form ST-120.1. N.Y. Tax Law § 1115 (exempting from sales and use tax tangible personal property becoming an integral component of a structure owned by the State or its political subdivisions).

[7] 2 C.F.R. § 200.403(c) (2024) (requiring costs to be "consistent with policies and procedures that apply uniformly to both federally financed and other activities of the recipient or subrecipient"). The uniformity requirement of § 200.403(c) addresses the cost policies of the federal award recipient. The Oversight Board cites it here as context for the federal expectation of consistent treatment; the operative allowability tests for the taxes discussed in this letter are those at 2 C.F.R. §§ 200.404 and 200.470.

[8] 2 C.F.R. § 200.470(a)(1) (2024); see also 2 C.F.R. § 200.404 (2024).

[9] 2 C.F.R. § 200.404 (2024).

appropriations bill that would require the Federal Emergency Management Agency ("FEMA") to provide to the Committee within 180 days a report detailing, among other matters, "the rationale for withholding payment to contractors or subcontractors and whether local government construction excise taxes or charges levied, imposed, or collected are delaying disbursement of federal funding, including such taxes or charges that have been applied retroactively."[10]

Accordingly, FEMA will ultimately determine, based on the applicable facts and governing federal requirements, whether these taxes constitute allowable costs that may be charged to the federal awards it administers.

In addition to those concerns, Act 215 raises other issues. Construction projects carried out by an agency of the government or its instrumentalities under the Puerto Rico Municipal Code of 2020 are exempt from the excise tax. In addition, the Puerto Rico Electric Power Authority's ("PREPA") Enabling Act provides that PREPA "shall not be required to pay any state or municipal contributions or taxes of any kind on any movable or immovable property acquired by it or under its authority, ownership, possession, or inspection, or on its activities in the operation and maintenance of any enterprise, or on the income derived from any of its enterprises and activities, or on its turnover."[11] Other governmental enabling acts may include similar language and the Puerto Rico courts have held that, when such language is present, the governmental entity is deemed exempt of paying the construction excise taxes regardless of whether a private contractor has been hired to complete the project. Act 215, however, attempts to remove those exemptions that may have already been recognized by the Puerto Rico courts.[12]

Aggressive excise tax practices already led to litigation that threatened to halt a critical energy-related project at a time when Puerto Rico continued to suffer from a failing supply of electricity. When Siemens Energy, Inc. ("Siemens"), agreed to supply PREPA's Costa Sur Power Plant with two electricity generators with gas turbines and advisory services for approximately $150 million,

[10] U.S. Congress, House Committee on Appropriations, *Department of Homeland Security Appropriations Bill, 2027*, H. Rep. No. 119-697, 119th Cong., 2d sess. (Washington, DC: U.S.Government Publishing Office, 2026), https://www.congress.gov/committee-report/119thcongress/house-report/697/1:
"*Within 180 days of the date of enactment of this Act, FEMA shall provide to the Committee a report detailing any funding distributed to States and the Commonwealth of Puerto Rico from fiscal years 2017 to 2026 intended to support electrical grid repairs following a major disaster that has yet to be fully obligated or expended by the applicable emergency management agency or power authority for work performed. The report shall include the rationale for withholding payment to contractors or subcontractors and whether local government construction excise taxes or charges levied, imposed, or collected are delaying disbursement of federal funding, including such taxes or charges that have been applied retroactively*."
[11] Act No. 83 of May 2, 1941, as amended, known as the Puerto Rico Electric Power Authority Act, 22 L.P.R.A. § 212(a). See also 22 L.P.R.A. § 217 (providing that the provisions of the Act prevail where they conflict with any other Act of the Legislative Assembly).
[12] The Puerto Rico Court of Appeals reached conflicting conclusions on whether that exemption extends to a private contractor engaged by PREPA, and the Puerto Rico Supreme Court has not resolved the conflict.

the municipality of Guayanilla imposed $7.5 million in construction excise taxes and added a penalty of $15.0 million for alleged failure to file, for a total claim of $22.5 million, together with $0.9 million in municipal license taxes. The combined assessment constitutes approximately 15% of the total contract value. On October 17, 2025, Siemens took Guayanilla to the Puerto Rico Court of First Instance.[13] Alerted by the U.S. Congress, the Oversight Board contacted the parties. According to a February 9, 2026, notice by Siemens to the court, the municipality withdrew the tax claims. Without this outcome, Puerto Rico could well have lost the critical turbines that Siemens might instead have installed elsewhere. Guayanilla applies the same construction excise tax rate to all construction and is not among the municipalities that charge a higher rate on government-funded projects. This matter therefore does not illustrate a differential rate. It illustrates a related and equally serious risk: that aggressive assessment of construction excise taxes on federally funded work can delay, and in some cases threaten, the reconstruction those funds were appropriated to accomplish.

Municipalities in Puerto Rico were granted the authority to collect revenues from local and excise taxes, and expressly authorized the imposition of "construction excise taxes."[14] Municipalities have adopted ordinances imposing such taxes, including ordinances that establish higher tax rates for government-funded projects. Many of these ordinances have been enacted or amended since 2009.

We recognize that municipalities provide critical services to Puerto Rico residents and have worked with the Commonwealth and municipalities to support fiscal sustainability.[15] However, the unprecedented flow of funds for the reconstruction of Puerto Rico's infrastructure from the still lingering damage of hurricanes and the necessary infrastructure improvements Puerto Rico needs to support economic development was not meant as an entirely new and additional revenue

[13] Siemens Energy, Inc. v. Municipio Autónomo de Guayanilla, No. SJ2025CV09432, Tribunal de Primera Instancia, Sala Superior de San Juan (Oct. 17, 2025) (complaint challenging municipal construction excise tax assessment; cause of action listed as "arbitrios de construcción, patentes municipales, sentencia declaratoria"). See also Municipality of Guayanilla, Notice of Cancellation of Construction Tax Deficiency and Notice of Cancellation of Municipal License Tax Deficiency (Feb. 6, 2026) (cancelling both deficiencies in their entirety); Sentencia Final, Siemens Energy, Inc. v. Municipio Autónomo de Guayanilla, No. SJ2025CV09432 (Feb. 10, 2026) (dismissing the case without prejudice following voluntary dismissal).

[14] Act 142-1960 was the first authorization to munis to impose excise taxes, including on construction projects.
Act 81 of August 30, 1991, known as the "Autonomous Municipalities Act of 1991" ("Act 81-1991"), as amended by Act 199 of September 6, 1996 ("Act 199-1996"), in its Article 1.003, statutorily defined the term "construction excise tax". Act 199-1996 clarifies that municipalities are expressly authorized to impose "construction excise taxes" to the extent that they are compatible with other state laws.

[15] *See* Financial Oversight and Management Board for Puerto Rico, *Fiscal Plan for the Commonwealth of Puerto Rico* vol. 1, at 56–57 (Apr. 3, 2023), (stating that Puerto Rico's municipalities are "important providers of critical services to all citizens"; describing FOMB-authorized funding and investments, including the Act 53-2021 Extraordinary Waste Fund, Medicaid relief, the Municipal Consolidation Fund, emergency-reserve support, and school- and road-maintenance funding; and requiring FOMB, the Commonwealth, and municipalities to agree on conditional funding and operational milestones to improve fiscal sustainability).

source to municipalities. Federal funds should be directed toward reconstruction and activity that, in turn, support municipalities in providing essential services to their residents.

Further, municipal construction excise taxes on disaster recovery-funded projects represent, at best, a one-time, nonrecurring windfall. They are not a sustainable revenue stream on which municipalities can anchor meaningful multi-year fiscal planning. Ultimately, losing federal funding would reduce municipal budgets far more than any construction excise tax collection could offset, leaving municipalities unable to fund essential services and Puerto Rico without the much-needed electrical grid restoration.

The Oversight Board is unaware of analysis conducted by the Puerto Rico Government regarding the fiscal impact of Act 215, despite the fact PROMESA § 204(a) requires such an assessment be conducted for each new law.

Your letter asked the Oversight Board to estimate the fiscal impact on municipalities if these taxes could not be collected, to identify the municipalities that would be most affected, and to assess the effect on essential municipal services. The Government has not provided reliable estimates. Construction excise tax collections are not reported separately by source of funding. Municipal financial reporting does not distinguish revenue collected on federally funded projects from revenue collected on Commonwealth-funded or privately funded projects. Therefore, the Oversight Board cannot presently quantify by itself how much federal recovery funding has been collected as municipal construction excise tax. At issue is the increment above each municipality's generally applicable rate.

The integrity of procurement, meanwhile, is another critical issue for any government and public entity, particularly at this time in Puerto Rico. Indeed, PROMESA provides that the Oversight Board policies should be designed to increase the public's faith in the government contracting process.[16] In recent years, at least nine Puerto Rico mayors have been criminally charged for procurement-related misconduct, including crimes involving kickbacks, corruption, and fraud, many connected to construction and public improvement projects.[17] Yet, Act 215 would double the value of works that can be procured outside of the sealed request for proposal ("RFP") process, from $100,000 to $200,000, and more than triple the no-bid procurement threshold for micro-purchases from $3,000 to $10,000, weakening procurement safeguards. Competitive bids are transparent to the public and tend to result in lower cost contracts.

[16] 48 U.S.C. § 2144(b)(3) (2024).
[17] As examples, see, *United States v. Miguel G. Ortiz-Vélez;* 18-424 (PAD); *United States v. Félix Delgado-Montalvo*, 21-463 (RAM); *United States v. Luis Arroyo-Chiques*, 21-485 (SCC); *United States v. Javier García-Pérez*, 22-185 (ADC); *United States v. Eduardo Cintron-Suarez*, 22-151 (SCC); *United States v. Ramon Conde-Melendez*, 22-221 (PAD); *United States v. Jose Cruz-Cruz*, 22-276 (SCC); *United States v. Reinaldo Vargas-Rodríguez*, 22-186 (PAD); *United States v. Ángel Pérez-Otero*, 21-474 (ADC).

The Oversight Board expressed its concerns with Act 215 in several letters to the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), Governor Jenniffer González Colón, the leaders of the Legislative Assembly, and both the Puerto Rico Federation of Mayors and the Puerto Rico Association of Mayors.[18] As stated in such letters, the Oversight Board opposes the implementation of Act 215.

Since its inception, the Oversight Board has worked to address municipalities' fiscal challenges and support their transition to more fiscally responsible practices. To help bridge the municipalities' revenue gap without placing undue burdens on the recovery and reconstruction efforts, municipalities should focus on recurring revenue sources from sustainable economic activity. Below, we provide some potential approaches we have encouraged municipalities to adopt:

- **Enforcing Municipal License Taxes (*Patentes*) -** Municipal license taxes generally apply to business volume attributable to activities conducted within a municipality. Subject to exemptions authorized by law, ordinance, or a valid tax-exemption decree, municipalities should consistently enforce those obligations against contractors and other taxable businesses. Enforcing these taxes uniformly is a matter of fiscal responsibility.

- **Property Tax Enforcement and Base Growth -** Reconstructed critical infrastructure directly increases the value and development potential of surrounding private property. Therefore, municipalities should work proactively with the Municipal Revenue Collection Center ("CRIM") to collect delinquent property-tax obligations, identify taxable properties absent from the tax roll, and update appraisals to ensure timely and accurate reassessments of properties benefiting from completed recovery works. These measures can strengthen a recurring property tax revenue stream in the years following reconstruction.

Taken together, consistent enforcement of the municipal license taxes, and a proactive property tax strategy offer a coherent framework that captures value from recovery efforts without jeopardizing the long-term reconstruction of Puerto Rico's critical infrastructure.

The Oversight Board has directed that Act 215 not be implemented, and that any actions taken to implement it be reversed, pending its review under PROMESA. The practice of charging a higher rate on government-funded projects is an outlier in state and local tax models and could be detrimental to Puerto Rico's recovery. The Puerto Rico Government and Puerto Rico's municipalities must work together to ensure integrity and public faith in its procurement process and ensure their tax practice complies with federal regulations and guidelines.

[18] FOMB - Letter - AAFAF - Follow up letter re Act 141-2024 and Act 215-2024 Extension - December 30, 2025.pdf - Google Drive, FOMB - Letter - Mayors Assoc. and Federation - Act 141-Act 215 of 2024 - June 1, 2026.pdf - Google Drive.

As always, the Oversight Board stands ready to work with all parties on a solid, enforceable, and practical solution that ensures Puerto Rico receives the federal funding it needs, taxes are fair and reasonable, and projects are completed at the best cost.

The Oversight Board thanks you for your continued engagement in matters concerning Puerto Rico.

Sincerely,

Robert F. Mujica, Jr.
Executive Director

APPENDIX A
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Puerto Rico Municipal Construction Excise Tax Rates

	Municipality	General Rate	Specific Provision for Government Contractor	Government Contractor Rate	Mega or High Impact Project Rate	Date Higher Rate Certified
1	Adjuntas	5.00%	**Yes**	10.00%	7.00%	Jan 23, 2015
2	Aguada	5.00%	No	5.00%	N/A	
3	Aguadilla	Up to 10.0%	No	10.00%	N/A	
4	Aguas Buenas	4.00%	No	4.00%	N/A	
5	Aibonito	Up to 3.5%	No	3.50%	N/A	
6	Añasco	5.00%	**Yes**	10.00%	N/A	Mar 25, 2022
7	Arecibo	5.20%	No	5.20%	7.00%	
8	Arroyo	5.00%	No	5.00%	N/A	
9	Barceloneta	3.50%	No	3.50%	N/A	
10	Barranquitas	5.00%	No	5.00%	N/A	
11	Bayamón	Up to 4.0%	No	4.00%	N/A	
12	Cabo Rojo	5.00%	**Yes**	10.00%	N/A	Apr 28, 2021
13	Caguas	6.00%	No	5.00%	N/A	
14	Camuy	5.00%	**Yes**	10.00%	N/A	Jun 6, 2022
15	Canóvanas	6.00%	No	6.00%	N/A	
16	Carolina	6.00%	No	6.00%	N/A	
17	Cataño	5.00%	No	5.00%	7.00%	
18	Cayey	6.00%	No	6.00%	N/A	
19	Ceiba	5.00%	No	5.00%	N/A	
20	Ciales	5.00%	**Yes**	10.00%	7.00%	Sep 15, 2022
21	Cidra	3.50%	**Yes**	10.00%	6.00%	Aug 28, 2020
22	Coamo	5.50%	No	5.50%	N/A	
23	Comerío	4.00%	No	4.00%	N/A	
24	Corozal	6.00%	No	6.00%	N/A	
25	Culebra	6.00%	No	6.00%	N/A	
26	Dorado	5.00%	No	5.00%	N/A	
27	Fajardo	4.00%	No	4.00%	N/A	
28	Florida	5.00%	No	5.00%	N/A	
29	Guánica	5.00%	**Yes**	10.00%	10.00%	Jun 10, 2025
30	Guayama	3.00%	No	3.00%	N/A	
31	Guayanilla	5.00%	No	5.00%	N/A	
32	Guaynabo	5.00%	**Yes**	9.00%	7.00%	Feb 2, 2021
33	Gurabo	5.00%	No	5.00%	N/A	
34	Hatillo	2.75%	No	2.00%	N/A	
35	Hormigueros	Up to 5.0%	No	5.00%	7.00%	
36	Humacao	5.00%	No	5.00%	N/A	

APPENDIX A
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37	Isabela	10.00%	No	10.00%	12.00%	
38	Jayuya	Up to 8.0%	No	8.00%	N/A	
39	Juana Díaz	Up to 5.0%	No	5.00%	7.00%	
40	Juncos	5.00%	No	5.00%	N/A	
41	Lajas	Up to 6.5%	**Yes**	10.00%	7.00%	May 9, 2025
42	Lares	4.00%	**Yes**	10.00%	N/A	Feb 13, 2023
43	Las Marías	8.00%	No	8.00%	N/A	
44	Las Piedras	5.00%	No	5.00%	N/A	
45	Loíza	5.00%	No	5.00%	N/A	
46	Luquillo	N/A	N/A	N/A	N/A	
47	Manatí	5.00%	No	5.00%	N/A	
48	Maricao	6.00%	No	6.00%	N/A	
49	Maunabo	5.00%	**Yes**	6.00%	5.50%	Mar 23, 2023
50	Mayagüez	5.00%	No	5.00%	6.50%	
51	Moca	3.75%	No	3.75%	4.50%	
52	Morovis	5.00%	No	5.00%	N/A	
53	Naguabo	5.00%	No	5.00%	N/A	
54	Naranjito	Up to 8.0%	No	8.00%	N/A	
55	Orocovis	3.00%	**Yes**	4.00%	N/A	Feb 10, 2010
56	Patillas	6.00%	**Yes**	6.00%	6.00%	
57	Peñuelas	5.00%	**Yes**	10.00%	N/A	Jul 9, 2025
58	Ponce	5.00%	**Yes**	9.00%	7.00%	Aug 17, 2020
59	Quebradillas	5.00%	No	5.00%	N/A	
60	Rincón	5.00%	No	5.00%	N/A	
61	Río Grande	5.25%	No	5.25%	N/A	
62	Sabana Grande	Up to 8.0%	No	8.00%	N/A	
63	Salinas	5.00%	No	5.00%	N/A	
64	San Germán	5.00%	**Yes**	10.00%	10.00%	Mar 8, 2021
65	San Juan	5.00%	No	5.00%	N/A	
66	San Lorenzo	8.00%	No	8.00%	N/A	
67	San Sebastián	3.40%	**Yes**	10.00%	7.00%	Nov 26, 2018
68	Santa Isabel	Up to 9.0%	No	9.00%	9.00%	
69	Toa Alta	Up to 10.0%	**Yes**	10.00%	10.00%	Sep 22, 2023
70	Toa Baja	5.00%	No	5.00%	7.00%	
71	Trujillo Alto	6.25%	**Yes**	9.00%	N/A	May 29, 2025
72	Utuado	5.00%	**Yes**	8.00%	N/A	Aug 19, 2021
73	Vega Alta	Up to 5.0%	No	5.00%	N/A	
74	Vega Baja	5.00%	**Yes**	10.00%	N/A	Nov 11, 2021
75	Vieques	5.00%	**Yes**	9.00%	7.00%	Feb 6, 2025
76	Villalba	Up to 5.0%	No	5.00%	N/A	

77	Yabucoa	10.00%	No	10.00%	N/A	
78	Yauco	5.00%	**Yes**	10.00%	N/A	Jul 20, 2020

Note: Municipal excise tax rates presented in this table represent findings from a preliminary review of municipal ordinances and their amendments following the Directory of Municipal Ordinances as of July 23, 2026. Municipalities highlighted in grey impose higher specific rates for government contractors. For municipalities where no special provision for government contractors was identified, the general rate was assumed to apply to government contractors. For municipalities with an escalating schedule of rates, the highest rate is listed. In the case of escalated rates, the full rate applies. These should not be interpreted as marginal rates.