



Arthur J. Gonzalez
Chair and Board Member

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Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

March 12, 2026

The Honorable Edwin González Montalvo
Secretary
Department of Transportation and Public Works

Dear Mr. González Montalvo:

In accordance with the Rules, Regulations and Orders Review Policy of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(4) of PROMESA, we have reviewed the proposed *Joint Regulation for the Implementation of the Accelerated Fine Payment Incentive under Act 1-2026* (the “Proposed Regulation”) to be issued by the Department of Transportation and Public Works (“DTOP,” for its Spanish acronym) and the Puerto Rico Department of Treasury. The Proposed Regulation was submitted to the Oversight Board on February 27, 2026. It establishes the procedures to implement a 40% discount, during a 120-day period, on the total debt of administrative traffic fines registered in the DTOP system on or before January 1, 2026 pursuant to Act 1-2026 (the “Traffic Fines Amnesty”).

Section 204(a) of PROMESA requires the Governor to submit to the Oversight Board all newly enacted laws no later than seven business days after the law’s enactment. The Governor must also submit a formal estimate of the impact that the law will have on expenditures and revenues, and a certification stating that the law is or is not significantly inconsistent with the applicable certified fiscal plan(s) (the “Section 204(a) Submission”).

On January 1, 2026, the Governor signed Act 1-2026 into law. Therefore, the Section 204(a) Submission was due on or before January 15, 2026. On such date, AAFAF requested a 45-business day extension, until March 25, 2026, to submit the Section 204(a) Submission, which extension was granted by the Oversight Board.

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The Oversight Board subsequently became aware of press reports indicating that the Government intended for the Traffic Fines Amnesty to take effect on March 12, 2026; that is, prior to the extended date of March 25, 2026 for the Governor to submit the Section 204 Submission to the Oversight Board as requested by AAFAF. On March 11, 2026, AAFAF submitted the Section 204(a) Submission to the Oversight Board.

The Oversight Board is concerned that the Government took steps to implement the Proposed Regulation prior to the Governor submitting the Section 204(a) Submission regarding Act 1-2026. The Oversight Board requests that the Government comply with PROMESA in order to allow sufficient time for the Oversight Board to review enacted laws and implementing regulations and assess their compliance with the Certified Fiscal Plan.

After reviewing the Proposed Regulation, the Oversight Board designates it as “Approved.” A comprehensive review of Act 1-2026 and the Proposed Regulation could only be finalized after receipt of the Section 204(a) Submission.

Please note the Oversight Board’s review is solely limited to the Proposed Regulation’s compliance with the applicable Fiscal Plan and no other matters. For the avoidance of doubt, the review performed by the Oversight Board does not constitute a legal review under applicable laws, rules, and regulations, both federal and local, including without limitation, compliance with any applicable labor laws, rules and regulations. Any material changes to the Proposed Regulation must be submitted to the Oversight Board for its review and approval prior to adoption and publication.

This review was conducted on the basis of information submitted by DTOP. The Oversight Board has not independently verified the information included in the submission. Should the Oversight Board become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.

This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may determine to refer to the relevant authorities.

This letter is issued only to DTOP and solely with respect to the Proposed Regulation.

We look forward to continuing working with you for the benefit of the people of Puerto Rico.

Sincerely,



Robert F. Mujica, Jr.
Executive Director