

NEWSLETTER

Editor's Note: Welcome to the second edition of our 2025 Newsletter. In this update, we review the status of proposed legislative measures announced for 2025, including the latest on Puerto Rico's tax reform and key federal initiatives. As always, we welcome your comments, suggestions, and links to noteworthy developments. Feel free to contact us via Signal or email.

What's advanced, what's stalled: a mid-year legislative check-in

Reassessing Legislative Momentum on Key Measures we have been following since 2024

As we continue monitoring the legislative landscape, several measures first introduced or actively discussed between 2024 and early 2025 have reached important milestones—some progressing to additional committees, others stalling, and one effectively vetoed. These movements shed light on the shifting priorities of both local and federal legislative bodies and raise questions about which policy directions will maintain momentum as the year advances.

At the federal level, **H.R. 4763**—a comprehensive bill affecting education, workforce development, and administrative oversight—continues its path through Congress. On July 25, 2025, it was referred to the Committee on Education and Workforce, with additional referrals to the Committees on House Administration, Oversight, Judiciary, and Transportation. The involvement of multiple committees underscores the bill's broad policy implications and potential to shape digital infrastructure, oversight practices, and institutional transparency on a national level. We will continue paying attention to its trajectory and substantive amendments as it moves through Congress.

In Puerto Rico's local legislature, **PC 2100**, the highly anticipated **Tax Reform bill**, met an abrupt halt last year. As of September 2, 2024, the bill received a **pocket veto**, effectively ending its legislative viability during the term in which it was presented. This outcome represents a significant pause in reform conversations that had dominated fiscal policy debates throughout 2024.

In contrast, **PC 2136** the bill that would provide that any public-private partnership project financed with seventy-five percent (75%) or more of federal funds shall be ineligible for the granting of any tax decree, exemption, or preferential tax treatment under the laws of Puerto Rico, showed continued movement. The bill was included on the Senate's Special Orders of the Day calendar and successfully passed with amendments from the conference report. Although further action from the House is still required, this measure remains an active part of the legislative docket and reflects potential to become law.

Meanwhile, **PC 0353**, the requirement of municipal approval for decrees and incentives, was defeated by voice vote on February 27, 2025, according to legislative records. While details of the legislative debate were not extensively reported, its defeat suggests a lack of consensus or shifting support on the specific reforms it sought to introduce. Its legislative journey effectively ends unless refiled under new language or sponsors in future sessions.

Together, these developments reflect a dynamic policy environment in which some legislative efforts gather traction, while others encounter institutional or political roadblocks. As always, we will continue tracking any revival, amendments, or replacements of these measures and assess their potential policy impact in future editions.

Revisiting the Docket: What's Moved Since Our Early 2025 Review?

Two bills previously highlighted for their potential to modernize public records management remain on our watchlist. **PS 70**, which proposes amendments to the Public Documents Administration Act, was relieved from review by the Senate Committee on Science, Technology, and Artificial Intelligence—an action that signals expedited consideration on the Senate floor. We continue to monitor its potential to establish uniform standards for the management of digital public records across agencies. Meanwhile, **PC 319**, a related measure aimed at advancing digital public administration, was referred to the House Government Committee earlier this year. As of this update, no further actions have been reported since February 13.

AI Legislative Watch: Tracking the Measures We First Flagged in Early 2025

As Puerto Rico's legislative landscape continues to evolve, several of the technology, cybersecurity, and data transparency initiatives we began tracking in early 2025 have progressed across both legislative chambers. The first half of the year has witnessed a mix of momentum, modification, and—at times—stalling. Here's where things stand today:

The proposed AI Company Registry—**RCS 1**—has continued to move forward in the House. Initially highlighted in our previous edition, the bill received a second report from the House Government Committee on June 23 without amendments and has since been referred to the House Committee on Calendars. If approved, this measure would establish an official registry of all businesses and entities developing or using AI systems in Puerto Rico.

Meanwhile, **PS 68**, which proposes the creation of an AI Officer and a Government AI Council, within PRITS has also made notable strides. After a June 23 executive session, the House Government Committee issued a report—with amendments—before sending the bill to the same Committee on Calendars and Special Rules of Debate.

Education remains a key domain in the AI strategy. **PS 348**, focused on integrating artificial intelligence into public education, was referred to the House Committee on Education on June 17 after receiving final approval in the Senate. Complementing this, **PC 427**, which introduces AI specifically into English language instruction programs, was referred to the Senate Committee on Science, Technology, and Artificial Intelligence after House approval and transmittal on May 19. Together, these two bills reflect a coordinated push to modernize classroom tools and pedagogy through AI, all while raising questions about digital equity and ethical use.

Cybersecurity efforts also remain front and center. **PS 24**, the **Government Cybersecurity Training Act**, which builds on the framework of Act 40-2024, was transmitted to the House on June 10 after clearing the Senate. The bill, now under the purview of the House Government Committee, proposes mandatory cybersecurity training for public employees and imposes penalties for non-compliance. Its passage would mark a pivotal step in institutionalizing digital security across public sector operations.

Not all initiatives, however, have progressed. **PS 413**—formerly **PC 387**—which aimed to create a **Unified Digital File for Persons with Disabilities**, was archived on June 9 following a negative report from the Senate Committee on Science, Technology, and Artificial Intelligence. Although shelved for now, the broader objective of improving inter-agency coordination and accessibility for this community remains critical and may reappear in future proposals.

Transparency measures also continue to raise important policy debates. **PC 454**, which would require all government agencies to publicly disclose the names and compensation of trust employees and professional service contractors in an accessible digital format, remains under review by the House Government Committee since its referral on March 31. While the bill champions public access and accountability, it also raises concerns about personal security and the publication of personal identifiable information—particularly in an era of rising digital exposure and cybersecurity risks. We will continue monitoring these developments closely in our upcoming editions.

Challenge to FinCEN Regulations for Residential Real Estate Transfers

The Puerto Rico Property Association (PRPA) is preparing to file a complaint in District Court seeking declaratory and injunctive relief, as well as vacatur, against the Financial Crimes Enforcement Network (FinCEN)'s new regulation.

This regulation introduces unprecedented reporting requirements for a broad category of non-financed transfers of residential real property to various legal entities and trusts nationwide. Specifically, the rule applies to transactions not involving a mortgage, where real estate is transferred to a trust or certain legal entities such as limited liability companies. For these covered transactions, the regulation removes traditional privacy protections and requires the disclosure of the “beneficial owners” of the entities and trusts involved.

PRPA is mounting a comprehensive challenge, which includes filing a complaint, submitting an amicus brief in an existing Texas case, and seeking to demonstrate injury in fact. In this effort, PRPA invites LLCs and trusts that have been—or may soon be—affected by the regulation to participate in challenging what it views as an excessively invasive federal rule.

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