



House Financial Services CTA Repeal Bill Markup

Key Points on how it affects PR

April 16, 2026

1. Public Contracting, Beneficial Ownership, and the Risks of a CTA Repeal

Public contracting plays a central role in how government operates in Puerto Rico. According to [Sembrando Sentido](#), a Puerto Rico-based organization dedicated to advancing transparency and government accountability, [roughly 60% of the public budget is executed through contracts](#), making procurement a key mechanism shaping how public funds are allocated and who ultimately benefits.

Yet this system continues to operate with significant blind spots. Contracting data remains fragmented and largely disconnected from information about who ultimately owns or controls the companies receiving public funds. The rollback of the Corporate Transparency Act (CTA) removes one of the few tools designed to close that gap. Without beneficial ownership data, it becomes significantly harder to detect patterns that signal risk, including repeated awards to related entities, undisclosed conflicts of interest, or corporate structures designed to obscure accountability.

Puerto Rico is not unique in facing weak corporate transparency at the state level. Across the United States, disclosure requirements for corporate ownership remain limited. But Puerto Rico illustrates how these gaps become more consequential when a larger share of public spending flows through contracts and when local transparency measures are being weakened simultaneously. Recent policy and administrative shifts have reduced corporate disclosure requirements and limited access to information about the legal and financial standing of entities doing business with the government. At the same time, about 50% of corporations operate as LLCs, inherently disclosing less information, further compounding opacity.



These risks are particularly acute in sectors tied to [privatization and reconstruction](#), where billions in federal funds are being deployed. Puerto Rico has entered into large-scale public private partnerships in energy, infrastructure, and ports, where the integrity of federal recovery funds depends on the ability to trace who ultimately receives and manages those resources. Weak transparency affects local accountability and raises concerns about the stewardship of federal funds.

Rolling back the CTA deepens these blind spots. When most public spending flows through contracts tied to global capital and federal funds, less transparency means more risk going undetected.

2. Tax Incentives, Financial Opacity, and Puerto Rico's Exposure if the CTA is Repealed

Tax havens combine aggressive tax advantages with financial secrecy, allowing capital to move and accumulate with limited scrutiny over who ultimately benefits. When these elements converge, they create conditions where both tax abuse and broader financial misconduct can occur.

Puerto Rico reflects such convergence. [The Tax Justice Network](#) has identified the jurisdiction as a contributor to global tax abuse, linking it to significant public revenue losses driven by opaque tax practices. At the same time, the Financial Crimes Enforcement Network (FinCEN) has designated Puerto Rico as a [High-Intensity Financial Crime Area](#), pointing to vulnerabilities in how financial activity is monitored. Taken together, these assessments point to a common set of underlying conditions: a system where substantial financial benefits operate alongside limited transparency and oversight.

These conditions are embedded in Puerto Rico's tax incentive regime. Acts 20 and 22 of 2012, now part of Act 60 of 2019, are just two components of a broader regime that offers substantial tax advantages to thousands of opaque corporations and high-wealth individuals. [Even within these alone, the scale is significant, with roughly \\$3 billion in annual foregone revenue, while the full fiscal impact of the system remains unclear.](#) There is no comprehensive process to verify who benefits,



whether recipients comply with requirements, or what returns are generated. Information remains fragmented, inconsistent, and often withheld, and oversight has been limited, with years passing without comprehensive audits. As a result, there is still no clear picture of who is entering the system, what activities they undertake, or how these incentives translate into public value.

In this context, financial crime risk becomes tangible. When significant financial benefits flow through corporate structures without clear disclosure of beneficial ownership, it becomes difficult to trace activity, detect conflicts of interest, or identify misuse. These conditions do not presume wrongdoing, but they do make it harder to detect and easier to conceal.

The Corporate Transparency Act was designed to address this gap by requiring disclosure of beneficial ownership. Its rollback removes a key layer of visibility at a time when Puerto Rico's exposure is already elevated. In a system defined by large-scale incentives, limited transparency, and global capital flows, weakening disclosure does not simply reduce regulatory burden, it further constrains the ability to understand who benefits and to safeguard the system against abuse.