



NPRC PRAISES LeMIEUX STAND ON CAPTAIN MORGAN RUM ISSUE

SAN JUAN, PR (January 26) – On behalf of the 750,000 Floridians of Puerto Rican descent, the National Puerto Rican Coalition today praised Florida Senator George LeMieux for urging the Senate Finance Committee to reconsider a pending proposal under which Captain Morgan Rum will receive upwards of \$2.7 billion in taxpayer-paid subsidies that Puerto Rico had planned on using to alleviate the effects of unemployment and poverty.

Under the proposal, Captain Morgan's parent corporation, London-based Diageo, LLC, will receive a \$250 million distillery plus \$2.4 billion in direct cash subsidies in exchange for moving its distillery operations from Puerto Rico to the island of St. Croix in the U.S. Virgin Islands. The subsidies amount to nearly half of all federal excise taxes paid on the sale of Captain Morgan for the next 30 years.

Currently, those funds are rebated to Puerto Rico, where they are used to fund education, health care and environmental conservation. Under a provision dating back to 1917, the Territories receive a rebate of almost all federal Excise Taxes paid on the sale of rum produced by them as a means of federal assistance.

In a letter today to Senate Finance Committee Chair Max Baucus and Ranking Republican Charles Grassley, Sen. LeMieux' asserted that the diversion of funds from Puerto Rico "could result in a significant shift in the assistance the U.S. government provides the Territories."

With nearly half its residents living below the poverty line, if Puerto Rico were a state, it would be the poorest in the union. Its per capita gross domestic product is significantly less than Mississippi's, and unemployment last month was 16.5%, higher than any U.S. state.

LeMieux also asserted that the arrangement could result in "a massive subsidy to one rum producer, creating an unequal playing field in what is now a competitive market."

Puerto Rico's Congressman, Pedro Pierluisi, has introduced legislation to ensure that 90% of all rum excise taxes rebated to the Territories are used to meet the respective Territories' social needs. H.R. 2122 would allow the Territories to provide incentives to the rum companies, but would limit them to 10% of the total excise taxes collected.

A copy of Sen. LeMieux' letter is available at http://www.nprcinc.org/files/LeMieux_Support_for_PR.pdf

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