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**From:** [REDACTED]

**Sent:** Thursday, July 22, 2021 1:36:23 PM

**To:** [REDACTED]

**Cc:** [REDACTED]

**Bcc:**

**Subject:** waiver of matching funds requirement for LITCs in Puerto Rico & USVI

Thanks for your patience while I coordinated with General Legal Services (GLS). Unfortunately, there is no ability for the LITC Program Office to waive the matching funds required by section 7526 for organizations in Puerto Rico or the USVI. Here is the advice from GLS:

This email responds to your question regarding whether there is any authority that would give the LITC Program Office discretion to waive the matching fund requirement for grantee organizations in Puerto Rico or the US Virgin Islands. As you know, IRC § 7526(c)(5) requires that each LITC grant recipient matches, dollar for dollar, all funds awarded under an LITC grant. After looking at 48 U.S.C. § 1469a; Title 48, Chapters 4 (Puerto Rico), 7 (Virgin Islands), 12 (Virgin Islands 1954), and 20 (Puerto Rico Oversight, Management, and Economic Stability); and a variety of other sources, we have been unable to identify any authority that would permit the LITC Program Office the aforementioned discretion.

We did identify one federal grant program, administered by the Justice Department's Office for Victims of Crimes (OVC), that has the regulatory authority, per 42 C.F.R. § 94.118(b)(2), to waive the grant matching requirement for projects operating in territories or possessions of the United States (excluding Puerto Rico). However, it's important to note that OVC's matching requirement is, itself, a regulatory rather than a statutory requirement. See 42 U.S.C. § 10603 (providing statutory authority for grant programs under the Crime Victims Fund); 42 C.F.R. § 94.118(a) (establishing matching fund requirements for grant programs authorized by 42 U.S.C. § 10603). In contrast, because the LITC matching requirement (IRC § 7526(c)(5)) is statutory, the agency may not waive the matching requirement without statutory authority and we have been unable to find any statute granting the agency such discretion.

Please let me know if you have any further questions.

– please post in LITC – Matching Funds in Puerto Rico, USVI, PRENO-110342-21, and close 7/22. Also, post it on our LITC sharepoint site under Matching Funds. Thanks.