

115TH CONGRESS  
2D SESSION

# H. R. 6827

To provide the option of discharging certain unsecured financial obligations  
of self-governing territories of the United States.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2018

Ms. VELÁZQUEZ (for herself, Mr. CICILLINE, Ms. CLARKE of New York, Ms. DELAURO, Mr. ESPAILLAT, Mr. GALLEGRO, Mr. GRIJALVA, Mr. GUTIÉRREZ, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Mr. KHANNA, Mr. MCGOVERN, Ms. SCHAKOWSKY, Mr. SERRANO, Mr. SIRES, Mr. SOTO, Mr. THOMPSON of Mississippi, Ms. MAXINE WATERS of California, and Mr. WELCH) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on the Judiciary, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To provide the option of discharging certain unsecured financial obligations of self-governing territories of the United States.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “United States Territorial Relief Act of 2018”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
 2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Findings.

#### TITLE I—TERRITORIAL RELIEF

- Sec. 101. Relief through exercise of the power to regulate commerce, the bankruptcy power, and the territorial power.
- Sec. 102. Effect of discharge.
- Sec. 103. Actions relating to the status of financial obligations.
- Sec. 104. Notice of discharge.
- Sec. 105. Effective date.

#### TITLE II—PUERTO RICO DEBT RESTRUCTURING COMPENSATION FUND

- Sec. 201. Purpose.
- Sec. 202. Definitions.
- Sec. 203. Administration.
- Sec. 204. Determination of eligibility for compensation.
- Sec. 205. Puerto Rico Debt Restructuring Compensation Fund.
- Sec. 206. Regulations.
- Sec. 207. Sunset.

#### TITLE III—PUERTO RICO PUBLIC CREDIT COMPREHENSIVE AUDIT COMMISSION

- Sec. 301. Definitions.
- Sec. 302. Establishment; dissolution.
- Sec. 303. Reports.
- Sec. 304. Duties.
- Sec. 305. Authority of the Commission.
- Sec. 306. Membership.
- Sec. 307. Powers and responsibilities.
- Sec. 308. Provision of requested information.
- Sec. 309. Access to information.
- Sec. 310. Funding.

#### TITLE IV—SEVERABILITY

- Sec. 401. Severability.

### 3 **SEC. 2. DEFINITIONS.**

4 In this Act:

5 (1) ATTACHMENT.—The term “attachment”  
 6 means the time at which a security interest becomes

1 enforceable against a debtor with respect to collat-  
2 eral.

3 (2) COLLATERAL.—The term “collateral”  
4 means property subject to a security interest.

5 (3) FINANCIAL GUARANTY INSURANCE.—The  
6 term “financial guaranty insurance” means a surety  
7 bond, an insurance policy, an indemnity contract, or  
8 any similar guaranty, under which loss is payable on  
9 proof of a financial loss to an insured claimant, an  
10 obligee, or an indemnitee as a result of the failure  
11 of any obligor on or issuer of any debt instrument  
12 or other monetary obligation to pay, when due, prin-  
13 cipal, interest, or any other amount due or payable  
14 with respect to that instrument or obligation, if that  
15 failure to pay is the result of a financial default, a  
16 financial insolvency, or a discharge in bankruptcy.

17 (4) FINANCIAL GUARANTY INSURER.—The term  
18 “financial guaranty insurer” means a party that is  
19 obligated as a surety, insurer, or indemnitor under  
20 a financial guaranty insurance contract.

21 (5) FINANCIAL OBLIGATION.—The term “finan-  
22 cial obligation”—

23 (A) means an obligation validly owed as of  
24 the effective date of this Act by a qualifying

1 territory or an instrumentality of a qualifying  
2 territory thereof that arises from any—

3 (i) security issued by a qualifying ter-  
4 ritory or instrumentality of a qualifying  
5 territory;

6 (ii) loan taken out by a qualifying ter-  
7 ritory or instrumentality of a qualifying  
8 territory;

9 (iii) repurchase or swap or other de-  
10 rivative contract entered into by a quali-  
11 fying territory or instrumentality of a  
12 qualifying territory; or

13 (iv) guaranty of any security or loan  
14 or repurchase or swap or other derivative  
15 contract by a qualifying territory or instru-  
16 mentality of a qualifying territory; and

17 (B) does not include any—

18 (i) claim made by a vendor or service  
19 provider that is owed payment by a quali-  
20 fying territory or an instrumentality of a  
21 qualifying territory for a good or service  
22 rendered in the ordinary course of busi-  
23 ness;

24 (ii) claim made by or on behalf of a  
25 current or former employee of a qualifying

1           territory or an instrumentality of a quali-  
2           fying territory that is owed payment for a  
3           pension or other retirement benefit, or for  
4           a health care benefit of any kind; or

5                   (iii) claim against a qualifying terri-  
6           tory or an instrumentality of a qualifying  
7           territory for a pending tax refund or tax  
8           credit.

9           (6) INSTRUMENTALITY.—The term “instrumen-  
10          tality” includes—

11                   (A) a political subdivision of a qualifying  
12          territory;

13                   (B) a public agency of a qualifying terri-  
14          tory;

15                   (C) a public corporation of a qualifying  
16          territory; and

17                   (D) a banking corporation of a qualifying  
18          territory.

19           (7) PER CAPITA DEBT OF A TERRITORY.—The  
20          term “per capita debt of a territory” means the  
21          quotient obtained by dividing—

22                   (A) the aggregate amount of the financial  
23          obligations of a territory and the instrumental-  
24          ities of the territory, which shall not include—

25                           (i) the Federal debt; or

1                   (ii) the unfunded liabilities of a pen-  
2                   sion system of the government of the quali-  
3                   fying territory or its instrumentalities for  
4                   the payment of pension and other retire-  
5                   ment benefits, or health care benefits of  
6                   any kind, to current or former employees  
7                   of a qualifying territory or its instrumen-  
8                   talities of a qualifying territory that is  
9                   owed payment for a pension or other re-  
10                  tirement benefit, or for a health care ben-  
11                  efit of any kind; by

12                  (B) the population of the territory (based  
13                  on the most recent data available from the Bu-  
14                  reau of the Census).

15                  (8) PROCEEDS.—The term “proceeds” means—

16                  (A) whatever is acquired upon the sale,  
17                  lease, license, exchange, or other disposition of  
18                  collateral; or

19                  (B) whatever is collected on, or distributed  
20                  on account of, collateral.

21                  (9) QUALIFYING TERRITORY.—The term “quali-  
22                  fying territory” means a territory that meets not  
23                  less than two of the following qualifications:

24                  (A) The population of the territory, based  
25                  on the most recent data available from the Bu-

1           reau of the Census, has decreased by more than  
2           5 percent during the 10-year period ending on  
3           the date of a discharge under section 101.

4           (B) The territory has received major dis-  
5           aster assistance under the Robert T. Stafford  
6           Disaster Relief and Emergency Assistance Act  
7           (42 U.S.C. 5121 et seq.) during the 5-year pe-  
8           riod ending on the date of a discharge under  
9           section 101.

10          (C) The per capita debt of the territory is  
11          greater than \$15,000 (as adjusted annually to  
12          reflect the percentage change in the Consumer  
13          Price Index for All Urban Consumers published  
14          by the Bureau of Labor Statistics of the De-  
15          partment of Labor).

16          (10) SECURITY AGREEMENT.—The term “secu-  
17          rity agreement” means an agreement or resolution  
18          that creates or provides for a security interest.

19          (11) SECURED FINANCIAL OBLIGATION.—The  
20          term “secured financial obligation” means any fi-  
21          nancial obligation to the extent of the value of any  
22          collateral pledged by a qualifying territory or an in-  
23          strumentality of a qualifying territory to secure the  
24          repayment of the financial obligation pursuant to a

1 valid and perfected security interest under applicable  
2 territorial law, not including—

3 (A) any property acquired or anticipated to  
4 be acquired by a qualifying territory or an in-  
5 strumentality of a qualifying territory after the  
6 date of a discharge under section 101, even if  
7 that property, when acquired, would have be-  
8 come collateral subject to a security interest; or

9 (B) any proceeds, products, offspring, or  
10 profits of the collateral not in existence on the  
11 date of a discharge under section 101, unless  
12 the property constitutes the proceeds of collat-  
13 eral to which the security interest has attached  
14 as of the date of the discharge.

15 (12) SECURITY INTEREST.—The term “security  
16 interest”—

17 (A) means an interest in property, includ-  
18 ing a lien or other pledge of property, that se-  
19 cures a payment or the performance of an obli-  
20 gation; and

21 (B) does not include a pledge of the full  
22 faith and credit of a qualifying territory or its  
23 instrumentality, even in the case that such  
24 pledge includes a promise of all available re-



1 sources of the qualifying territory or its instru-  
2 mentality.

3 (13) TERRITORY.—The term “territory”—

4 (A) means any self-governing Federal ter-  
5 ritory; and

6 (B) includes—

7 (i) the Commonwealth of Puerto Rico;

8 (ii) Guam;

9 (iii) the Commonwealth of the North-  
10 ern Mariana Islands;

11 (iv) the United States Virgin Islands;

12 and

13 (v) American Samoa.

14 (14) UNSECURED FINANCIAL OBLIGATION.—

15 The term “unsecured financial obligation” means  
16 any financial obligation to the extent the financial  
17 obligation is not a secured financial obligation.

18 **SEC. 3. FINDINGS.**

19 Congress finds that—

20 (1) millions of citizens of the United States re-  
21 side in territories of the United States;

22 (2) the Federal Government owes a special duty  
23 of care and stewardship to the citizens of territories  
24 of the United States because—

1 (A) historically, Federal administration of  
2 these territories was often wanting and many  
3 residents of the territories faced discriminatory  
4 treatment by the Federal Government;

5 (B) the economies of these territories face  
6 special constraints, including diminishment of  
7 property tax bases because of large, untaxed,  
8 Federal land holdings; and

9 (C) these territories lack the benefits of  
10 many Federal programs, such as Supplemental  
11 Security Income, the Earned Income Tax Cred-  
12 it, and full access to Medicaid;

13 (3) prolonged economic downturns, declines in  
14 population, and natural disasters have resulted in  
15 some territories of the United States and the instru-  
16 mentalities of those territories having unsupportable  
17 debt burdens on financial obligations, which cannot  
18 realistically be repaid without imposing undue hard-  
19 ship on the citizens and residents of those terri-  
20 tories;

21 (4) disaster recovery funds that are provided by  
22 the Federal Government should be used for disaster  
23 recovery and not for direct or indirect debt pay-  
24 ments;

1           (5) unsecured creditors of financially distressed  
2 territories and instrumentalities of those territories  
3 have little prospect of recovery upon default because  
4 of—

5           (A) the severe indebtedness of those terri-  
6 tories; and

7           (B) the lack of effective remedies for unse-  
8 cured creditors against those territories and the  
9 instrumentalities of those territories; and

10          (6) the people of the Commonwealth of Puerto  
11 Rico deserve to know about the social, political, and  
12 legal factors associated with the amount of the pub-  
13 lic debt of the Commonwealth of Puerto Rico ac-  
14 crued over the past 5 decades, and the Federal Gov-  
15 ernment has a responsibility to support efforts to ob-  
16 tain those answers, including public or private ef-  
17 forts to conduct a comprehensive audit of the public  
18 debt of the Commonwealth of Puerto Rico.

## 19       **TITLE I—TERRITORIAL RELIEF**

### 20       **SEC. 101. RELIEF THROUGH EXERCISE OF THE POWER TO** 21                       **REGULATE COMMERCE, THE BANKRUPTCY** 22                       **POWER, AND THE TERRITORIAL POWER.**

23          (a) IN GENERAL.—Pursuant to clauses 3 and 4 of  
24 section 8 of article I and clause 2, section 3 of article IV  
25 of the Constitution of the United States, any unsecured

1 financial obligation of a qualifying territory or an instru-  
2 mentality of a qualifying territory that is outstanding is  
3 discharged on the date on which a resolution stating that  
4 the qualifying territory wishes to discharge the unsecured  
5 financial obligations of the qualifying territory and the in-  
6 strumentalities of the qualifying territory—

7           (1) is adopted by an affirmative vote of more  
8           than  $\frac{1}{2}$  of the members of each house of the legisla-  
9           ture of that qualifying territory and is signed by the  
10          chief executive of the qualifying territory; or

11          (2) is adopted by an affirmative vote of not less  
12          than  $\frac{2}{3}$  of the members of each house of the legisla-  
13          ture of that qualifying territory.

14          (b) LIMITATION.—A qualifying territory may dis-  
15          charge unsecured financial obligations of the qualifying  
16          territory and the instrumentalities of the qualifying terri-  
17          tory under this title not more frequently than once during  
18          any 7-year period, and such discharge shall prohibit the  
19          qualifying territory from discharging, adjusting, or im-  
20          pairing, in any manner or degree including in a proceeding  
21          under title III of PROMESA (48 U.S.C. 2161 et seq.),  
22          a debt described in section 2(5)(B)(ii).

23          (c) NO STAY OF ACTIONS BY QUALIFYING TERRI-  
24          TORY TO OBTAIN A DISCHARGE.—Notwithstanding any  
25          other provision of Federal, State, or territorial law, the

1 ability of a qualifying territory to obtain a discharge under  
2 this Act shall not be stayed, avoided, or otherwise limited  
3 by operation of any provision of law or by order of a court,  
4 oversight board, or administrative agency in any pro-  
5 ceeding.

6 (d) SECURED FINANCIAL OBLIGATIONS UNAF-  
7 FECTED.—

8 (1) IN GENERAL.—Except as provided in para-  
9 graphs (3) and (4) of section 102, nothing in sub-  
10 section (a) shall affect the validity and enforceability  
11 of any financial obligation of a qualifying territory  
12 or an instrumentality of a qualifying territory to the  
13 extent that the obligation is a secured financial obli-  
14 gation.

15 (2) VOIDABILITY.—Notwithstanding paragraph  
16 (1), a secured financial obligation of a qualifying  
17 territory or an instrumentality of a qualifying terri-  
18 tory may be voidable or otherwise impaired under  
19 any other applicable law.

20 (e) RULE OF CONSTRUCTION.—Nothing in this Act  
21 shall be construed to operate as a stay of a pending case  
22 brought under title III of PROMESA (48 U.S.C. 2161  
23 et seq.), or of any act of an oversight board appointed  
24 under that Act, or to reinstate financial obligations dis-

1 charged under this Act through any procedure under  
2 PROMESA (48 U.S.C. 2101 et seq.).

3 **SEC. 102. EFFECT OF DISCHARGE.**

4 A discharge under section 101 shall—

5 (1) except in regard to actions brought under  
6 section 103, operate as a permanent stay, applicable  
7 to all entities and enforceable by the qualifying terri-  
8 tory or an instrumentality thereof in any court with  
9 jurisdiction over an action described in section  
10 103(a), against the commencement or continuation  
11 of an action, the employment of process, or an act  
12 to collect, recover or offset any outstanding financial  
13 obligation to the extent that the financial obligation  
14 is not a secured financial obligation as of the date  
15 of the discharge, regardless of whether discharge of  
16 that unsecured financial obligation is waived by the  
17 qualifying territory;

18 (2) void any outstanding judgment entered on  
19 an unsecured financial obligation of the qualifying  
20 territory or instrumentality thereof to the extent  
21 that such judgment is a determination of liability of  
22 the qualifying territory or instrumentality;

23 (3) if prior to the date of the discharge under  
24 section 101, the qualifying territory or an instru-  
25 mentality of the qualifying territory entered into a

1 security agreement securing a financial obligation,  
2 prevent the security interest created by the security  
3 agreement from attaching to any property acquired  
4 by the qualifying territory or an instrumentality  
5 thereof after the date of the discharge under section  
6 101, except to the extent that such property con-  
7 stitutes the proceeds of collateral to which the secu-  
8 rity interest had attached as of the date of the dis-  
9 charge.

10 **SEC. 103. ACTIONS RELATING TO THE STATUS OF FINAN-**  
11 **CIAL OBLIGATIONS.**

12 (a) IN GENERAL.—Any financial obligation is conclu-  
13 sively deemed to be an unsecured financial obligation ex-  
14 cept to the extent that the holder of that obligation proves  
15 that the financial obligation is a secured financial obliga-  
16 tion in an action for a declaratory judgment that is filed—

17 (1) in—

18 (A) an appropriate territorial court of the  
19 qualifying territory; or

20 (B) a district court of the United States in  
21 the qualifying territory; and

22 (2) not later than 180 days after the date of a  
23 discharge under section 101.

1 (b) BURDEN OF PROOF.—In an action described in  
2 subsection (a), the holder of an obligation shall be required  
3 to prove by clear and convincing evidence that—

4 (1) the obligation is a secured financial obliga-  
5 tion; and

6 (2) any revenues generated after a discharge  
7 under section 101 are the proceeds of the collateral  
8 securing the secured financial obligation.

9 (c) EXCLUSIVE JURISDICTION.—Notwithstanding  
10 title 28, United States Code, a court described in sub-  
11 section (a)(1) shall have exclusive jurisdiction over an ac-  
12 tion involving, arising from, or related to the status of a  
13 financial obligation as a secured or an unsecured financial  
14 obligation under subsection (a), including—

15 (1) any action asserting a taking under the  
16 Fifth Amendment of the Constitution of the United  
17 States; and

18 (2) any action for declaratory judgment.

19 (d) APPEALS.—Any appeal from an action under this  
20 section shall be heard solely in—

21 (1) for a case filed under subsection (a)(1)(A),  
22 the appropriate territorial court of the qualifying  
23 territory; or



1           (2) for a case filed under subsection (a)(1)(B),  
2           the appropriate court of appeals of the United  
3           States for the qualifying territory.

4           (e) COSTS.—All parties shall bear their own costs in  
5           an action under this section.

6           (f) ESTOPPEL.—Any party to an action under this  
7           section shall be estopped in other actions from claiming  
8           that the party has been deprived of the property of that  
9           party by virtue of—

10           (1) a discharge under section 101; or

11           (2) a final ruling in an action described in sub-  
12           section (a) that a financial obligation of a party is  
13           an unsecured financial obligation.

14           (g) BAR ON AVOIDANCE ACTIONS BY CREDITORS.—  
15           Notwithstanding any other provision of law, a creditor of  
16           a qualifying territory or an instrumentality of a qualifying  
17           territory that has received a discharge under this title may  
18           not avoid or bring an action to avoid, directly or deriva-  
19           tively, any transfer of property made by the qualifying ter-  
20           ritory or instrumentality.

21           (h) AVOIDANCE OF SECURITY INTERESTS BY QUALI-  
22           FYING TERRITORIES AND INSTRUMENTALITIES OF QUALI-  
23           FYING TERRITORIES.—

24           (1) IN GENERAL.—In addition to the relief pro-  
25           vided elsewhere in this Act, a qualifying territory or

1 an instrumentality of a qualifying territory, in a civil  
2 action described in paragraph (2), may avoid any se-  
3 curity interest—

4 (A) securing a financial obligation that  
5 would be avoidable by a trustee in a case under  
6 chapter 7 of title 11, United States Code, filed  
7 on the date of the discharge under section 101  
8 if, notwithstanding sections 101(41) and 109(a)  
9 of title 11, United States Code, or any statute  
10 of limitations under that title, the qualifying  
11 territory or the instrumentality of the qualifying  
12 territory were deemed an eligible debtor under  
13 chapter 7 of title 11, United States Code; or

14 (B) securing a financial obligation to the  
15 extent that the amount owed on the financial  
16 obligation exceeds the value of any collateral,  
17 subject to restrictions under paragraph (3), se-  
18 curing the financial obligation.

19 (2) CIVIL ACTIONS.—A civil action described in  
20 this paragraph shall be—

21 (A) brought by a qualifying territory, an  
22 instrumentality of a qualifying territory, or a  
23 relator on behalf of a qualifying territory or in-  
24 strumentality of a qualifying territory not later

1 than 2 years after the date of a discharge under  
2 section 101; and

3 (B) filed in—

4 (i) an appropriate territorial court of  
5 the qualifying territory; or

6 (ii) a district court of the United  
7 States in the qualifying territory.

8 (3) VALUE OF COLLATERAL.—For the purpose  
9 of determining the value of collateral under para-  
10 graph (1)(B), the following shall not be included:

11 (A) Any proceeds, products, offspring, or  
12 profits of the collateral not in existence on the  
13 date of a discharge under section 101, regard-  
14 less of whether those proceeds, products, off-  
15 spring, or profits of the collateral would become  
16 collateral subject to a security interest after the  
17 date of a discharge under section 101.

18 (B) Any property acquired or anticipated  
19 to be acquired by a qualifying territory or an  
20 instrumentality of a qualifying territory after  
21 the date of a discharge under section 101, re-  
22 gardless of whether that property, when ac-  
23 quired, would have become collateral subject to  
24 a security interest.

1 (C) Any contract right to tax revenues that  
2 arise after the date of a discharge under section  
3 101.

4 **SEC. 104. NOTICE OF DISCHARGE.**

5 (a) IN GENERAL.—

6 (1) RESPONSIBILITIES OF A QUALIFYING TER-  
7 RITORY OR INSTRUMENTALITY OF A QUALIFYING  
8 TERRITORY.—After a discharge under section 101,  
9 the qualifying territory shall promptly—

10 (A) notify the Secretary of the Treasury of  
11 the discharge;

12 (B) provide actual notice of the discharge  
13 and of the right to bring an action under sec-  
14 tion 103 to—

15 (i) any known holder of a financial ob-  
16 ligation as of the date of the discharge;

17 (ii) any known indenture trustee for a  
18 financial obligation as of the date of the  
19 discharge;

20 (iii) any known agent bank for the  
21 loan, swap, repurchase agreement, or other  
22 derivative of the holder of a financial obli-  
23 gation as of the date of the discharge; and

1 (iv) any known financial guaranty in-  
2 surer of a financial obligation as of the  
3 date of the discharge;

4 (C) publish a general notice, in each of the  
5 governmental languages of the qualifying terri-  
6 tory, of the discharge and of the right to bring  
7 an action under section 103 in—

8 (i) not less than 1 newspaper of gen-  
9 eral circulation of each governmental lan-  
10 guage published in the qualifying territory;  
11 and

12 (ii) not less than 2 daily newspapers  
13 that each have a national circulation and a  
14 general audience; and

15 (D) publish the general notice described in  
16 subparagraph (C) in the newspapers described  
17 in subparagraph (C) not less than once each  
18 week during the 3-week period beginning on the  
19 date on which that general notice is first pub-  
20 lished.

21 (2) NOTICE IN THE FEDERAL REGISTER.—On  
22 the date on which the Secretary of the Treasury re-  
23 ceives the notice described in paragraph (1)(A), the  
24 Secretary of the Treasury shall promptly cause to be  
25 published in the Federal Register a notice of that

1 discharge and of the right to bring an action under  
2 section 103.

3 (b) ADEQUATE NOTICE.—

4 (1) HOLDERS OF FINANCIAL OBLIGATIONS.—

5 (A) IN GENERAL.—A holder of a financial  
6 obligation shall be presumed to have received  
7 adequate notice of a discharge under section  
8 101 if, during the 180-day period beginning on  
9 the date of a discharge under section 101, a  
10 qualifying territory provides actual notice of the  
11 discharge and of the right to bring an action  
12 under section 103 to—

13 (i) the holder of the financial obliga-  
14 tion as of the date of the discharge;

15 (ii) an indenture trustee for the secu-  
16 rity of the holder as of the date of the dis-  
17 charge; or

18 (iii) an agent bank for the loan, swap,  
19 repurchase agreement, or other derivative  
20 of the holder of a financial obligation as of  
21 the date of the discharge.

22 (B) REBUTTABLE PRESUMPTION.—The  
23 presumption described in subparagraph (A)  
24 may be rebutted by clear and convincing evi-

1           dence that the holder of the financial obligation  
2           did not receive adequate evidence.

3           (2) NOTICE TO A FINANCIAL GUARANTY IN-  
4           SURER.—A financial guaranty insurer shall be con-  
5           clusively deemed to have received adequate notice of  
6           a discharge under section 101 if, during the 180-day  
7           period beginning on the date of a discharge under  
8           section 101, the financial guaranty insurer receives  
9           actual notice of the discharge and of the right to  
10          bring an action under section 103.

11 **SEC. 105. EFFECTIVE DATE.**

12          This title shall take effect on the date that is 60 days  
13 after the date of enactment of this Act.

14 **TITLE II—PUERTO RICO DEBT**  
15 **RESTRUCTURING COMPENSA-**  
16 **TION FUND**

17 **SEC. 201. PURPOSE.**

18          Pursuant to clause 1, section 8 of article I and clause  
19 2, section 3 of article IV of the Constitution of the United  
20 States, the purpose of this title is to provide compensation  
21 to certain entities and natural persons that suffer eco-  
22 nomic losses due to a discharge under section 101 of fi-  
23 nancial obligations owed to those entities and natural per-  
24 sons by the Commonwealth of Puerto Rico or an instru-  
25 mentality of the Commonwealth of Puerto Rico.

1 **SEC. 202. DEFINITIONS.**

2 In this title—

3 (1) the term “collateral source compensa-  
4 tion”—

5 (A) means, on the date of a determination  
6 under section 204(b)(2)(A), compensation that  
7 a claimant has received or is entitled to receive,  
8 from a source other than the Fund, as a result  
9 of the discharge of the debt of the Common-  
10 wealth of Puerto Rico and the instrumentalities  
11 of the Commonwealth of Puerto Rico under sec-  
12 tion 101; and

13 (B) includes financial guaranty insurance;

14 (2) the term “Fund” means the Puerto Rico  
15 Debt Restructuring Compensation Fund established  
16 under section 205(a);

17 (3) the term “ineligible investment company”  
18 means an investment company, as defined in section  
19 3 of the Investment Company Act of 1940 (15  
20 U.S.C. 80a–3), that was not registered under section  
21 8 of that Act (15 U.S.C. 80a–8) on the date on  
22 which the investment company made an investment  
23 in a financial obligation of the Commonwealth of  
24 Puerto Rico or an instrumentality of the Common-  
25 wealth of Puerto Rico;



1           (4) the term “Puerto Rico public pension plan”  
2 means a pension system of the government of the  
3 Commonwealth of Puerto Rico; and

4           (5) the term “Special Master” means the Spe-  
5 cial Master appointed under section 203(a).

6 **SEC. 203. ADMINISTRATION.**

7       (a) SPECIAL MASTER.—

8           (1) APPOINTMENT.—

9               (A) IN GENERAL.—Not later than 60 days  
10 after the date of a discharge of the debt of the  
11 Commonwealth of Puerto Rico and the instru-  
12 mentalities of the Commonwealth of Puerto  
13 Rico under section 101, the Chief Justice of the  
14 Supreme Court of the Commonwealth of Puerto  
15 Rico shall appoint a Special Master to admin-  
16 ister the compensation program established  
17 under this title.

18               (B) DISQUALIFICATION.—A Special Mas-  
19 ter may not have a relationship to a party, at-  
20 torney, action, or court that would require the  
21 disqualification of a judge under section 455 of  
22 title 28, United States Code, unless, after the  
23 date on which the Special Master discloses any  
24 potential ground for disqualification, the party,  
25 attorney, action, or court with which the Special

1 Master has a relationship, with the approval of  
2 the Chief Justice of the Supreme Court of the  
3 Commonwealth of Puerto Rico, consents to the  
4 appointment of the Special Master.

5 (2) STATUS.—The Special Master shall be con-  
6 sidered to be an official of the Commonwealth of  
7 Puerto Rico.

8 (3) VACANCY.—

9 (A) IN GENERAL.—In the event of the  
10 death, resignation, incapacity, or other vacancy  
11 in the position of the Special Master, the posi-  
12 tion shall be filled in the manner described in  
13 paragraph (1).

14 (B) FEDERAL VACANCIES REFORM ACT.—  
15 Sections 3345 through 3349d of title 5, United  
16 States Code, (commonly known as the “Federal  
17 Vacancies Reform Act of 1998”) shall not apply  
18 to vacancies in the position of Special Master.

19 (b) AUTHORIZATION OF APPROPRIATIONS.—There  
20 are authorized to be appropriated such sums as may be  
21 necessary to pay the administrative and support costs for  
22 the Special Master in carrying out this title.

23 **SEC. 204. DETERMINATION OF ELIGIBILITY FOR COM-**  
24 **PENSATION.**

25 (a) FILING OF CLAIM.—

1           (1) IN GENERAL.—A claimant may file a claim  
2 for compensation under this title with the Special  
3 Master. The claim shall—

4           (A) be on the form developed under para-  
5 graph (2);

6           (B) state the factual basis, as certified by  
7 the claimant, for eligibility for compensation  
8 and the amount of compensation sought; and

9           (C) provide evidence that corroborates the  
10 eligibility of the claimant for compensation and  
11 the amount of compensation sought.

12          (2) CLAIM FORM.—

13           (A) IN GENERAL.—The Special Master  
14 shall develop a claim form that claimants shall  
15 use when submitting claims under paragraph  
16 (1). The Special Master shall ensure that such  
17 form can be filed electronically.

18           (B) CONTENTS.—The form developed  
19 under subparagraph (A) shall request informa-  
20 tion including information regarding—

21           (i) economic loss that the claimant  
22 suffered as a result of the discharge of the  
23 debt of the Commonwealth of Puerto Rico  
24 and the instrumentalities of the Common-  
25 wealth of Puerto Rico under section 101;

1                   (ii) collateral source compensation the  
2                   claimant has received or is entitled to re-  
3                   ceive as a result of the discharge described  
4                   in clause (i); and

5                   (iii) availability of financial guaranty  
6                   insurance coverage to indemnify the claim-  
7                   ant.

8                   (C) PENALTY.—A claim submitted on the  
9                   form developed under subparagraph (A) shall—

10                   (i) be submitted under penalty of per-  
11                   jury; and

12                   (ii) include an attestation by the  
13                   claimant that the claimant has not willfully  
14                   attempted to evade or defeat the eligibility  
15                   restrictions described in subsection (c).

16                   (b) REVIEW AND DETERMINATION.—

17                   (1) REVIEW.—The Special Master shall review  
18                   a claim submitted under subsection (a) and deter-  
19                   mine—

20                   (A) whether the claimant is an eligible per-  
21                   son under subsection (c); and

22                   (B) with respect to a claimant determined  
23                   to be an eligible person under subsections  
24                   (c)(2)(A) and (c)(3)—

1 (i) the extent of the economic loss to  
2 the claimant; and

3 (ii) the amount of compensation to  
4 which the claimant is entitled based on the  
5 economic losses to the claimant, the facts  
6 of the claim, and the individual cir-  
7 cumstances of the claimant, including—

8 (I) the strength of the ties to the  
9 Commonwealth of Puerto Rico, as de-  
10 fined in regulations promulgated  
11 under section 206, of the claimant;

12 (II) the financial need, as defined  
13 in regulations promulgated under sec-  
14 tion 206, of the claimant;

15 (III) the price at which the  
16 claimant obtained that claim against  
17 the Commonwealth of Puerto Rico or  
18 the instrumentality of the Common-  
19 wealth of Puerto Rico; and

20 (IV) the date on which the claim-  
21 ant obtained the claim against the  
22 Commonwealth of Puerto Rico or the  
23 instrumentality of the Commonwealth  
24 of Puerto Rico; and

1 (C) with respect to a claimant determined  
2 to be an eligible person under subsection  
3 (c)(2)(B) and (c)(3)—

4 (i) the extent of the economic loss to  
5 the claimant; and

6 (ii) the amount of compensation to  
7 which the claimant is entitled based on the  
8 economic loss to the claimant, the facts of  
9 the claim, and the individual circumstances  
10 of the claimant, including—

11 (I) the financial need, as defined  
12 in regulations promulgated under sec-  
13 tion 206, of the claimant;

14 (II) the price at which the claim-  
15 ant obtained that claim against the  
16 Commonwealth of Puerto Rico or the  
17 instrumentality of the Commonwealth  
18 of Puerto Rico; and

19 (III) the date on which the claim-  
20 ant obtained the claim against the  
21 Commonwealth of Puerto Rico or the  
22 instrumentality of the Commonwealth  
23 of Puerto Rico.

24 (2) DETERMINATION.—

1 (A) IN GENERAL.—Not later than 120  
2 days after that date on which a claim is deter-  
3 mined to be substantially complete by the Spe-  
4 cial Master, the Special Master shall complete  
5 a review, make a determination, and provide  
6 written notice to the claimant, with respect to  
7 the matters that were the subject of the claim  
8 under review. Such a determination shall be  
9 final and not subject to judicial review.

10 (B) RIGHTS OF CLAIMANTS.—

11 (i) HEARINGS.—Before the date on  
12 which a determination described in sub-  
13 paragraph (A) is made, a claimant in a re-  
14 view under paragraph (1) shall have the  
15 right to an in-person hearing conducted by  
16 the Special Master.

17 (ii) WAIVER.—A claimant in a review  
18 under paragraph (1) may waive the right  
19 to a hearing described in clause (i).

20 (3) COLLATERAL SOURCE COMPENSATION.—

21 The Special Master shall reduce the amount of com-  
22 pensation determined under paragraph (2) by the  
23 amount of collateral source compensation.

24 (c) ELIGIBILITY.—

1           (1) IN GENERAL.—A claimant shall be deter-  
2           mined to be an eligible person for purposes of this  
3           subsection if the Special Master determines that  
4           such claimant—

5                     (A) is a person described in paragraph (2);

6           and

7                     (B) meets the requirements of paragraph

8           (3).

9           (2) ELIGIBLE PERSONS.—

10                    (A) ELIGIBLE PERSONS IN THE COMMON-  
11           WEALTH OF PUERTO RICO.—

12                    (i) IN GENERAL.—A claimant is a  
13           person described in this subparagraph if  
14           the claimant is—

15                             (I) a natural person who—

16                                     (aa) was domiciled in the  
17                             Commonwealth of Puerto Rico  
18                             and was a citizen or lawful per-  
19                             manent resident of the United  
20                             States on September 20, 2017,  
21                             regardless of whether that nat-  
22                             ural person was physically  
23                             present in the Commonwealth of  
24                             Puerto Rico at that time;



1 (bb) is a beneficial owner of  
2 a security issued by the Com-  
3 monwealth of Puerto Rico or an  
4 instrumentality of the Common-  
5 wealth of Puerto Rico; and

6 (cc) became a beneficial  
7 owner of the security described in  
8 item (bb) not later than Sep-  
9 tember 20, 2017;

10 (II) a bank or credit union that  
11 did business solely in the Common-  
12 wealth of Puerto Rico on September  
13 20, 2017;

14 (III) a worker association or  
15 workplace association in the Common-  
16 wealth of Puerto Rico;

17 (IV) a Puerto Rico public pen-  
18 sion plan;

19 (V) a business, of which the prin-  
20 cipal place of business was in the  
21 Commonwealth of Puerto Rico on  
22 September 20, 2017; or

23 (VI) subject to clause (ii), any  
24 other person that the Special Master  
25 determines is an eligible person.

1 (ii) EXCLUSIONS.—A claimant is not  
2 a person described in this subparagraph if  
3 the claimant is—

4 (I) an ineligible investment com-  
5 pany;

6 (II) a financial guaranty insurer;

7 (III) as defined in section 101 of  
8 title 11, United States Code—

9 (aa) a party to a master net-  
10 ting agreement;

11 (bb) a party to a repurchase  
12 agreement; or

13 (cc) a party to a swap agree-  
14 ment;

15 (IV) any other financial institu-  
16 tion with total consolidated assets  
17 greater than \$2,000,000,000;

18 (V) a person that owns a share  
19 in an unregistered investment fund  
20 that owns a security issued by the  
21 Commonwealth of Puerto Rico or an  
22 instrumentality of the Commonwealth  
23 of Puerto Rico;

24 (VI) a person that acquired a  
25 claim against the Commonwealth of

1 Puerto Rico or an instrumentality of  
2 the Commonwealth of Puerto Rico  
3 during the period beginning on the  
4 date that is 180 days before the date  
5 of a discharge under section 101, un-  
6 less that claim was acquired through  
7 devise, descent, or a divorce settle-  
8 ment;

9 (VII) the Special Master; or

10 (VIII) any other person that the  
11 Special Master determines is not an  
12 eligible person.

13 (B) ELIGIBLE PERSONS NOT IN PUERTO  
14 RICO.—

15 (i) IN GENERAL.—A claimant is a  
16 person described in this subparagraph if  
17 the claimant was not domiciled in the  
18 Commonwealth of Puerto Rico on Sep-  
19 tember 20, 2017, and the claimant is—

20 (I) a worker association or work-  
21 place association;

22 (II) a pension plan;

23 (III) a natural person who—

24 (aa) is a beneficial owner of  
25 a security issued by the Com-

1 monwealth of Puerto Rico or an  
2 instrumentality of the Common-  
3 wealth of Puerto Rico; and

4 (bb) became a beneficial  
5 owner of that security not later  
6 than September 20, 2017;

7 (IV) subject to clause (iii), an  
8 open-end mutual fund; or

9 (V) subject to clause (ii), any  
10 other person that the Special Master  
11 determines is an eligible person.

12 (ii) EXCLUSIONS.—A claimant is not  
13 a person described in this subparagraph if  
14 the claimant was not domiciled in the  
15 Commonwealth of Puerto Rico on Sep-  
16 tember 20, 2017, and the claimant is—

17 (I) an ineligible investment com-  
18 pany;

19 (II) a closed-end company, as de-  
20 fined in section 5 of the Investment  
21 Company Act of 1940 (15 U.S.C.  
22 80a–5);

23 (III) a financial guaranty in-  
24 surer;

1 (IV) as defined in section 101 of  
2 title 11, United States Code—

3 (aa) a party to a master net-  
4 ting agreement;

5 (bb) a party to a repurchase  
6 agreement; or

7 (cc) a party to a swap agree-  
8 ment;

9 (V) any other financial institu-  
10 tion with total consolidated assets  
11 greater than \$2,000,000,000;

12 (VI) a person that owns a share  
13 in an unregistered investment fund  
14 that owns a security issued by the  
15 Commonwealth of Puerto Rico or an  
16 instrumentality of the Commonwealth  
17 of Puerto Rico;

18 (VII) a person that acquired a  
19 claim against the Commonwealth of  
20 Puerto Rico or an instrumentality of  
21 the Commonwealth of Puerto Rico  
22 during the period beginning on the  
23 date that is 180 days before the date  
24 of a discharge under section 101, un-  
25 less that claim was acquired through

1                   devise, descent, or a divorce settle-  
2                   ment;

3                   (VIII) the Special Master; or

4                   (IX) any other person that the  
5                   Special Master determines is not an  
6                   eligible person.

7                   (iii) ELIGIBILITY OF OPEN-END MU-  
8                   TUAL FUNDS.—A claimant that is an open-  
9                   end mutual fund is not an eligible person  
10                  described in this subparagraph unless the  
11                  manager of that open-end mutual fund  
12                  pledges to waive the fee of that manager  
13                  for any compensation the open-end mutual  
14                  fund receives under this title.

15                  (3) REQUIREMENTS FOR BENEFICIAL OWNERS  
16                  OF SECURITIES.—A person that is a beneficial owner  
17                  of a security issued by the Commonwealth of Puerto  
18                  Rico or an instrumentality of the Commonwealth of  
19                  Puerto Rico may file a claim under subsection (a) if  
20                  the person, as of the date on which the claim is  
21                  filed—

22                         (A) has continuously held that security  
23                         during the period beginning on September 19,  
24                         2017, and ending on the date on which the  
25                         claim is filed; and

1 (B) the claim is submitted not later than  
2 180 days after the date of a discharge of the  
3 debt of the Commonwealth of Puerto Rico and  
4 the instrumentalities of the Commonwealth of  
5 Puerto Rico under section 101.

6 (d) COMPENSATION.—

7 (1) IN GENERAL.—A claimant may not receive  
8 compensation under this title if that claimant is not  
9 determined to be an eligible person under this sub-  
10 section.

11 (2) LIMITATIONS.—

12 (A) IN GENERAL.—A claimant may not re-  
13 ceive compensation under this title that exceeds  
14 the amount of the claim filed by the claimant  
15 under subsection (a), or seek or receive com-  
16 pensation for a debt described in section  
17 2(5)(B)(ii), which—

18 (i) shall not be discharged; and

19 (ii) shall be repaid in full as provided  
20 by section 101(b).

21 (B) ASSIGNED CLAIMS.—In the case of a  
22 claim that was assigned to a claimant, the  
23 claimant may not receive compensation under  
24 this title for that claim that exceeds the amount

1           paid by the claimant for the assignment of that  
2           claim.

3 **SEC. 205. PUERTO RICO DEBT RESTRUCTURING COM-**  
4 **PENSATION FUND.**

5           (a) IN GENERAL.—On the date of a discharge of the  
6 debt of the Commonwealth of Puerto Rico and the instru-  
7 mentalities of the Commonwealth of Puerto Rico under  
8 section 101, there is established in the Treasury of the  
9 United States a fund to be known as the “Puerto Rico  
10 Debt Restructuring Compensation Fund”, consisting of  
11 amounts appropriated into the Fund under subsection (b).

12           (b) APPROPRIATION.—

13           (1) IN GENERAL.—There is appropriated to the  
14 Fund, out of any funds in the Treasury of the  
15 United States not otherwise appropriated,  
16 \$15,000,000,000, which shall be available without  
17 further appropriation to the Special Master to pro-  
18 vide compensation for claims of eligible persons  
19 under this title.

20           (2) EMERGENCY DESIGNATION.—

21           (A) IN GENERAL.—The amount necessary  
22 to carry out this Act is designated by Congress  
23 as being for emergency requirements pursuant  
24 to section 251(b)(2)(A)(i) of the Balanced



1 Budget and Emergency Deficit Control Act of  
2 1985 (2 U.S.C. 901(b)(2)(A)(i)).

3 (B) PAYGO.—

4 (i) IN GENERAL.—This Act is des-  
5 ignated as an emergency requirement pur-  
6 suant to section 4(g) of the Statutory Pay-  
7 As-You-Go Act of 2010 (2 U.S.C. 933(g)).

8 (ii) DESIGNATION IN SENATE.—In the  
9 Senate, this Act is designated as an emer-  
10 gency requirement pursuant to section  
11 403(a) of S. Con. Res. 13 (111th Con-  
12 gress), the concurrent resolution on the  
13 budget for fiscal year 2010.

14 (c) DISTRIBUTION.—

15 (1) IN GENERAL.—Of the amounts appro-  
16 priated into the Fund under subsection (b)—

17 (A) 50 percent shall be made available to  
18 pay claims of eligible persons described in sec-  
19 tion 204(c)(2)(A); and

20 (B) 50 percent shall be made available to  
21 pay claims of eligible persons described in sec-  
22 tion 204(c)(2)(B).

23 (2) CLAIMS EXCEEDING APPROPRIATED  
24 AMOUNTS.—If the claims of eligible persons de-  
25 scribed in section 204(c)(2)(A) or of eligible persons

1 described in section 204(c)(2)(B) exceed the  
2 amounts appropriated to pay those respective claims  
3 under paragraph (1), any claim of an eligible person  
4 within that respective category shall be reduced on  
5 a pro rata basis.

6 (3) DATE OF DISTRIBUTION.—For the purpose  
7 of reducing claims under paragraph (2), the Special  
8 Master shall determine a date on which all claims of  
9 eligible persons shall be paid.

10 (d) UNOBLIGATED FUNDS.—Any amounts made  
11 available under subsection (b) that are not obligated by  
12 the Special Master as of the date that is 36 months after  
13 the date of enactment of this Act shall be returned to the  
14 Treasury of the United States.

15 **SEC. 206. REGULATIONS.**

16 (a) IN GENERAL.—The Special Master shall promul-  
17 gate regulations, through notice and comment rulemaking  
18 in compliance with section 553 of title 5, United States  
19 Code, to carry out this title.

20 (b) NOTICE OF PROPOSED RULEMAKING.—Not later  
21 than 60 days after the date on which the Special Master  
22 is appointed under section 203(a), the Special Master  
23 shall publish a notice of proposed rulemaking in the Fed-  
24 eral Register.

1 (c) FINAL RULE.—Not later than 60 days after the  
2 date on which the notice of proposed rulemaking described  
3 in subsection (b) is published, the Special Master shall  
4 promulgate final regulations to carry out this title.

5 (d) VACANCY IN THE POSITION OF SPECIAL MAS-  
6 TER.—If promulgation of regulations under this section  
7 is completed before the date on which a Special Master  
8 is appointed under section 203(a)(3)(A), that Special  
9 Master is not required to promulgate new regulations  
10 under this section.

11 **SEC. 207. SUNSET.**

12 The provisions of this title shall be effective for the  
13 period beginning on the date of enactment of this Act and  
14 ending on the date that is 36 months after the date of  
15 enactment of this Act.

16 **TITLE III—PUERTO RICO PUBLIC**  
17 **CREDIT COMPREHENSIVE**  
18 **AUDIT COMMISSION**

19 **SEC. 301. DEFINITIONS.**

20 In this title—

21 (1) the term “comprehensive audit” means a  
22 supervisory action taken to examine and evaluate the  
23 public debt contracting, refinancing, or renegotiation  
24 process, the source and intended use of resources,  
25 and the implementation of programs and projects fi-

1 nanced with domestic or foreign debt, in order to de-  
2 termine the legitimacy, lawfulness, transparency,  
3 quality, efficacy, and efficiency thereof, considering  
4 legal and financial aspects, and the economic, social,  
5 gender, regional, ecological, national, and municipal  
6 impact thereof;

7 (2) the term “Commission” means the Puerto  
8 Rico Public Credit Comprehensive Audit Commission  
9 established under section 302; and

10 (3) the term “credit request” means request or  
11 application for credit by the Commonwealth of Puer-  
12 to Rico, or any instrumentality of the Common-  
13 wealth of Puerto Rico, to obtain credit from a gov-  
14 ernment or a banking or multilateral financial sys-  
15 tem in the domestic or foreign private sector, includ-  
16 ing any agreement, contract, or other form or meth-  
17 od relating to that request or application.

18 **SEC. 302. ESTABLISHMENT; DISSOLUTION.**

19 (a) ESTABLISHMENT.—There is established an inde-  
20 pendent commission to be known as the Puerto Rico Pub-  
21 lic Credit Comprehensive Audit Commission.

22 (b) DISSOLUTION.—The Commission shall only be  
23 dissolved after the Commission completes or fulfills each  
24 duty of the Commission under section 304 and issues the  
25 final report of the Commission under section 303(b).

1 **SEC. 303. REPORTS.**

2 (a) IN GENERAL.—Not later than 1 year after the  
3 date of enactment of this Act, and not later than every  
4 180 days thereafter, the Commission shall make publicly  
5 available a report describing the progress of the Commis-  
6 sion in carrying out the duties of the Commission under  
7 section 304 as of the date on which the report is released.

8 (b) FINAL REPORT.—Upon completing the duties of  
9 the Commission under section 304, the Commission shall  
10 make publicly available and submit to the Legislative As-  
11 sembly of the Commonwealth of Puerto Rico and the Gov-  
12 ernor of the Commonwealth of Puerto Rico the final report  
13 of the Commission, which shall state in detail the findings,  
14 conclusions, and recommendations of the Commission re-  
15 lating to the duties of the Commission carried out under  
16 section 304.

17 **SEC. 304. DUTIES.**

18 (a) IN GENERAL.—The Commission shall carry out  
19 the duties described in subsections (b) and (c).

20 (b) COMPREHENSIVE AUDIT.—

21 (1) IN GENERAL.—The Commission shall con-  
22 duct a comprehensive audit of all public debt of the  
23 Commonwealth of Puerto Rico issued during the pe-  
24 riod beginning on the first day of fiscal year 1972  
25 and ending on the date of enactment of this Act,  
26 which shall include an audit of agreements, con-

1 tracts, and other forms or methods employed by the  
2 Commonwealth of Puerto Rico and any instrumen-  
3 tality thereof to obtain credit from governments,  
4 banking or multilateral financial system institutions,  
5 and the domestic or foreign private sector.

6 (2) CRITERIA.—In order to conduct the com-  
7 prehensive audit under paragraph (1), the Commis-  
8 sion shall establish criteria to be used in evaluating  
9 each credit request that shall include, with respect  
10 to each credit request—

11 (A) any precedent, study, technical, eco-  
12 nomic, financial, or social viability score, or  
13 other supporting document that supported the  
14 credit request at the time the credit request was  
15 made;

16 (B) the amount of the credit requested in  
17 the credit request;

18 (C) the currency unit in which the credit  
19 was obtained through the credit request;

20 (D) the total amount of any subsequent in-  
21 crease or extension of credit from the original  
22 amount of credit obtained through the credit re-  
23 quest;

1           (E) the economic, financial, and business  
2 conditions agreed upon under the credit re-  
3 quest;

4           (F) the economic, financial, and business  
5 conditions effectively applied under the credit  
6 request;

7           (G) any condition contained in the credit  
8 request;

9           (H) the intended and actual use of any re-  
10 sources funded by the credit request;

11           (I) the total impact of any project funded  
12 by the credit request;

13           (J) the name of each individual who, on  
14 behalf of any party to the credit request, trans-  
15 acted or executed the credit request;

16           (K) each method or mechanism used to  
17 meet any obligation agreed to under the credit  
18 request; and

19           (L) any other circumstance or information  
20 determined by the Commission to be pertinent  
21 in determining the legitimacy, lawfulness, trans-  
22 parency, quality, efficacy, and efficiency of each  
23 credit request, considering—

24                   (i) the legal and financial aspects of  
25 the credit request; and

1                   (ii) the economic, social, gender, re-  
2                   gional, ecological, national, and municipal  
3                   impact of the credit request.

4           (c) DATA TRANSPARENCY DATABASE.—The Com-  
5 mission shall establish and maintain a publicly available  
6 data transparency database that shall contain any infor-  
7 mation relating to any public, private, domestic, or foreign  
8 debt held by a public institution of the Commonwealth of  
9 Puerto Rico collected through the comprehensive audit  
10 under subsection (b).

11 **SEC. 305. AUTHORITY OF THE COMMISSION.**

12           In order to carry out the duties described in section  
13 304, the Commission—

14                   (1) may audit, and ensure the transparency of,  
15                   the indebtedness process of the Commonwealth of  
16                   Puerto Rico and each instrumentality of the Com-  
17                   monwealth of Puerto Rico; and

18                   (2) shall have primary jurisdiction to intervene,  
19                   have knowledge of, and conduct, on the initiative of  
20                   the Commission, any investigation on any matter or  
21                   dispute relating to any indebtedness process de-  
22                   scribed in paragraph (1).

23 **SEC. 306. MEMBERSHIP.**

24           (a) IN GENERAL.—The Commission shall be com-  
25 posed of—



1           (1) the Executive Director of the Puerto Rico  
2 Institute of Statistics, or the designee of the Execu-  
3 tive Director; and

4           (2) the following individuals, who shall be ap-  
5 pointed not later than 180 days after the date of en-  
6 actment of this Act by the Governor of the Common-  
7 wealth of Puerto Rico to serve on the Commission:

8           (A) One representative of each parliamen-  
9 tary majority in the Legislative Assembly.

10          (B) One representative of each parliamen-  
11 tary minority in the Legislative Assembly.

12          (C) One professor of economics from any  
13 public higher education institution located in  
14 the Commonwealth of Puerto Rico.

15          (D) One professor of finance from any  
16 public higher education institution located in  
17 the Commonwealth of Puerto Rico.

18          (E) One professor of accounting from any  
19 public higher education institution located in  
20 the Commonwealth of Puerto Rico.

21          (F) One professor of statistics from any  
22 public higher education institution located in  
23 the Commonwealth of Puerto Rico.

1           (G) One professor of law from any public  
2 higher education institution located in the Com-  
3 monwealth of Puerto Rico.

4           (H) One representative of the labor union  
5 sector in the Commonwealth of Puerto Rico.

6           (I) One representative of the business com-  
7 munity in the Commonwealth of Puerto Rico,  
8 with preference given to a representative from  
9 a small- or medium-sized business located in  
10 the Commonwealth of Puerto Rico.

11          (J) One representative of the cooperative  
12 sector in the Commonwealth of Puerto Rico.

13          (K) One professor of sociology from any  
14 public higher education institution who has  
15 published work in one or more peer-reviewed  
16 journals that indicates expertise in data relating  
17 to Puerto Rico.

18          (L) One individual who is a translator or  
19 interpreter of English and Spanish.

20 (b) CHAIRPERSON.—

21          (1) IN GENERAL.—After each of the members  
22 of the Commission are appointed under subsection  
23 (a), the members of the Commission shall elect from  
24 among the members of the Commission 1 individual  
25 to serve as the Chairperson of the Commission.

1           (2) DUTIES.—The Chairperson of the Commis-  
2           sion shall—

3                   (A) call and preside over meetings of the  
4           Commission; and

5                   (B) be the legal representative of the Com-  
6           mission.

7           (3) TIE VOTE.—In the case of a tie vote among  
8           the members of the Commission, the vote of the  
9           Chairperson shall be determinative.

10          (c) PERIOD OF APPOINTMENT.—Members of the  
11          Commission shall be appointed for the life of the Commis-  
12          sion.

13          (d) VACANCIES.—Any vacancy in the Commission  
14          shall not affect the powers of the Commission but shall  
15          be filled in the same manner as the original appointment  
16          or election.

17          (e) EXECUTIVE DIRECTOR OF THE PUERTO RICO IN-  
18          STITUTE OF STATISTICS.—If, on the date of enactment  
19          of this Act, the Puerto Rico Institute of Statistics has been  
20          disbanded or reorganized to be a part of another govern-  
21          ment department of the Commonwealth of Puerto Rico,  
22          the individual who was the Executive Director of the Puer-  
23          to Rico Institute of Statistics on the day before the date  
24          of such disbanding or reorganization shall be named to  
25          the Commission.

1 (f) FAILURE TO APPOINT COMMISSION MEMBERS.—

2 If the Governor of the Commonwealth of Puerto Rico fails  
3 to appoint any member of the Commission described under  
4 subsection (a)(2) during the period described in that sub-  
5 section, not later than 180 days after the expiration of  
6 that period, the President of the Senate of the Common-  
7 wealth of Puerto Rico and the Speaker of the House of  
8 Representatives of the Commonwealth of Puerto Rico shall  
9 jointly appoint any member that has not been appointed.

10 **SEC. 307. POWERS AND RESPONSIBILITIES.**

11 To carry out the duties of the Commission under sec-  
12 tion 304, the Commission shall—

13 (1) adopt internal bylaws as appropriate for the  
14 proper operations and fulfillment of the objectives of  
15 the Commission;

16 (2) define and propose to the Department of  
17 the Treasury the hiring of staff to conduct audits in  
18 accordance with the rules and administrative proce-  
19 dures set forth by the laws of the Commonwealth of  
20 Puerto Rico relating to technical audits;

21 (3) designate and hire a minimum number of  
22 regular personnel required to carry out the duties  
23 and fulfill the objectives of the Commission;

24 (4) read reports relating to the audit processes  
25 and other studies that have been entrusted to com-

1 missions and technical units relating to audits of  
2 public debt;

3 (5) review and approve the annual budget and  
4 operational plan of the Commission based on those  
5 devised by the Director of the Office of Management  
6 and Budget;

7 (6) as appropriate, request technical support  
8 from any public institution, including by, as nec-  
9 essary, through the request for the transfer, on a  
10 temporary assignment, of any technical personnel re-  
11 quired to carry out a specific program of the Com-  
12 mission after stating the length of the period for  
13 which the transfer will be required;

14 (7) hold—

15 (A) a regular meeting not less than twice  
16 each month; and

17 (B) a special meeting upon the request of  
18 not less than 3 of the members of the Commis-  
19 sion;

20 (8) access the information necessary to dis-  
21 charge the duties of the Commission;

22 (9) file with the Legislative Assembly of the  
23 Commonwealth of Puerto Rico and the Governor of  
24 the Commonwealth of Puerto Rico periodic reports  
25 stating achievements of the Commission in carrying

1 out the duties of the Commission under section 304,  
2 which shall include any recommendation or sugges-  
3 tion that the Commission determines to be pertinent,  
4 including any relevant recommendation of the Com-  
5 mission relating to the commencement of any appro-  
6 priate administrative, civil, or criminal action relat-  
7 ing to the findings of the Commission; and

8 (10) propose rules and policies relating to  
9 strengthening the procedures relating to audits of  
10 public debt as a permanent duty of the Common-  
11 wealth of Puerto Rico.

12 **SEC. 308. PROVISION OF REQUESTED INFORMATION.**

13 (a) IN GENERAL.—Each entity, official, or former of-  
14 ficial of the Commonwealth of Puerto Rico shall provide  
15 any information requested by the Commission in carrying  
16 out the duties of the Commission under section 304 by  
17 summons or as required by law.

18 (b) ORDER TO COMPLY.—Any entity, official, or  
19 former official described in subsection (a) that does not  
20 obey a summons or request of the Commission for infor-  
21 mation required by the Commission to carry out the duties  
22 of the Commission under section 304, the appropriate dis-  
23 trict court of the Commonwealth of Puerto Rico shall, on  
24 the request of the Commission, issue an order compelling

1 that entity, official, or former official to produce the re-  
2 quested information, as appropriate.

3 (c) CONTEMPT.—Any entity, official, or former offi-  
4 cial described in subsection (a) that does not comply with  
5 an order of the court under subsection (b) shall be held  
6 in contempt for failing to obey that order.

7 **SEC. 309. ACCESS TO INFORMATION.**

8 (a) PUBLIC DOCUMENTS.—

9 (1) IN GENERAL.—Any document, record, or in-  
10 formation relating to the public debt of the Com-  
11 monwealth of Puerto Rico, including any document  
12 relating to any public offering, contract, agreement,  
13 order, or report detailing how funds obtained are  
14 spent, or contract or agreements with a creditor of  
15 the Commonwealth of Puerto Rico, shall be—

16 (A) classified as a public document; and

17 (B) made accessible to any interested  
18 party.

19 (2) CONFIDENTIALITY.—Any claim of confiden-  
20 tiality relating to information described in paragraph  
21 (1) by any person, including any entity, official, or  
22 former official of the Commonwealth of Puerto Rico,  
23 shall be construed narrowly and in favor of pro-  
24 moting transparency and the right of the public to  
25 that information.

1 (b) CONFIDENTIAL INFORMATION.—

2 (1) IN GENERAL.—The Commission shall have  
3 the authority to obtain confidential information nec-  
4 essary to carry out the duties of the Commission  
5 under section 304.

6 (2) CONFIDENTIALITY.—The Commission shall  
7 keep any information described under subsection (a)  
8 confidential as required under the Constitution of  
9 the Commonwealth of Puerto Rico.

10 (c) RULE OF CONSTRUCTION.—Nothing in this title  
11 shall be construed to grant any special power to the Com-  
12 mission to conceal information from the public based on  
13 any rule relating to confidentiality. This title shall be in-  
14 terpreted broadly to favor the right of the public to infor-  
15 mation relating to the activities of the Commission.

16 **SEC. 310. FUNDING.**

17 The Legislative Assembly of the Commonwealth of  
18 Puerto Rico shall provide the Commission with sufficient  
19 funds to carry out the duties of the Commission under  
20 section 304, including funds to pay fair compensation to  
21 members and staff of the Commission, based on the an-  
22 nual budget prepared for the Commission by the Office  
23 of Management and Budget, which shall be included in  
24 the general budget of the Commonwealth of Puerto Rico.



1           **TITLE IV—SEVERABILITY**

2   **SEC. 401. SEVERABILITY.**

3           If any provision of this Act or the application of such  
4 provision to any person or circumstance is held to be in-  
5 valid or unconstitutional, the remainder of this Act and  
6 the application of the provisions of this Act to any person  
7 or circumstance shall remain and shall not be affected  
8 thereby.

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