

Sewell (AL)	Thompson (MS)	Velázquez
Sherman	Titus	Visclosky
Sinema	Tonko	Walz
Slaughter	Torres	Wasserman
Smith (WA)	Tsongas	Schultz
Speier	Van Hollen	Waters, Maxine
Swalwell (CA)	Vargas	Watson Coleman
Takano	Veasey	Welch
Thompson (CA)	Vela	Yarmuth

□ 1545

Mr. DUFFY. Mr. Chair, I thank Congressman BISHOP and the whole Natural Resources Committee for all of the hard work they put into this bill.

This has been a months-long process of working with Democrats and Republicans, the administration, Treasury, Puerto Rican elected officials, all coming together to negotiate, to discuss, to philosophize and then eventually come up with what I think is an excellent resolution to the burning crisis in Puerto Rico. I want to take a moment to talk about what is actually happening on the island.

Puerto Rico is \$73 billion in debt. That is over 100 percent of GNP. They have almost \$2 billion of unpaid bills to their vendors. So what does that mean? That means schools are closing down because we don't have fuel for energy in the schools or for school buses. Hospital wings are closing. Emergency vehicles aren't being run because the island doesn't have money to pay its bills. This is a true economic crisis. It is a true humanitarian crisis that is taking place in Puerto Rico.

So the question becomes: Does this institution act to help Puerto Rico, or do we continue to negotiate and refine and tweak a bill that will never come to the floor, that will never make it to the Senate, that will never gain the President's signature? Do we let perfect be the enemy of the good?

I think this is a great bill that is going to actually get Puerto Rico on a path to prosperity, opportunity, and economic growth; that is going to help the people in Puerto Rico who have a dream of living in Puerto Rico stay in Puerto Rico with their families in their communities on the island that they love.

Right now, there is despair. We have thousands of people leaving Puerto Rico every month to come to the mainland because there is no opportunity. This is what debt does to economies. It absolutely crushes them, and it crushes people.

So what do we do? Well, we have a two-pronged approach. Number one, the elected officials in Puerto Rico have known that this issue has been coming for years, and they haven't been able to get their hands around it, haven't had the political will to fix the burning problem. So we are going to put into effect an oversight board to actually work with the island government to get its finances and its budgets under control.

That oversight board is going to have an opportunity to work on debt restructuring, which is the second prong of this bill. \$73 billion in debt, they can't pay it. People might want to wish that all the bondholders could be paid. They might dream about all the bondholders being paid, but the bottom line is Puerto Rico doesn't have enough income to pay its bondholders. They can't pay their vendors, let alone their bondholders.

So we set up a system where the island and the bondholders have a forum

in which to negotiate a settlement, a resolution to this massive debt. And if they can't come up with a resolution or a solution to the debt, they can access the court system, and the courts can help them resolve the disputes in regard to this massive debt. It is that system that is going to allow for debt restructuring and an oversight board that is going to bring Puerto Rico to a place of economic health. When you can get to a place of economic health, you can start to have a conversation about economic growth; and when you have economic growth, you actually help people, you help families, and you help communities.

Now, there are some who have said that this bill is a bailout. Let me tell you what. I have the definition of a bailout, and a bailout happens when this institution sends taxpayer monies to somewhere else or to somebody else. The bottom line is this bill doesn't spend any taxpayer money bailing anybody out. There is no taxpayer money that is involved.

What we do here is say: Hey, listen. If you invested in Puerto Rican bonds and you might have gotten a great upside, a great return on your bonds that you maybe bought at 50 or 60 cents on the dollar, you took that risk; and if there is a loss, you, the bondholder, are going to bear the loss on that bond, but the taxpayers aren't going to bear that loss for you.

So I think this is a great compromise, a great package that is going to bring economic health and growth back to Puerto Rico.

I want to thank Mr. PIERLUISI for all of the insight that he has given to both sides of the aisle on what needs to be done to make this work, and the elected politicians, the Speaker of the Puerto Rican House, who has been so gracious with his insight into how we structure a package that is going to grow Puerto Rico.

Mr. GRIJALVA. Mr. Chair, I yield myself 5 minutes.

The United States flag has flown over Puerto Rico for more than a century. Those born on the island are American citizens, and more than 200,000 have served in the United States military, including roughly 10,000 serving today. Millions more live on the U.S. mainland but consider Puerto Rico their home.

Mr. Chairman, we are here today because our fellow Americans are suffering, and it is our constitutional responsibility to help them. They are suffering from the effects of a debt crisis more than a decade in the making.

A devastating combination of mismanagement, unfair Federal policies, opportunistic hedge funds, and desperate budget cuts have destroyed the economy on the island. The monstrous burden of Puerto Rico's \$70 billion debt is swallowing the funds needed to provide health care, education, transportation, and public safety for the Commonwealth's families.

Almost 100,000 people have left the Commonwealth last year to look for

## NOT VOTING—15

Barletta	Herrera Beutler	Payne
Farr	Hinojosa	Sires
Fincher	Jackson Lee	Takai
Hanna	Lieu, Ted	Walker
Hardy	Luetkemeyer	Wilson (FL)

□ 1540

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Ms. JACKSON LEE. Mr. Speaker, I was unavoidably detained. Had I been present, I would have voted "nay" on rollcall No. 286.

### PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT

#### GENERAL LEAVE

Mr. BISHOP of Utah. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to insert extraneous material on H.R. 5278.

The SPEAKER pro tempore (Mr. LAMALFA). Is there objection to the request of the gentleman from Utah?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 770 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 5278.

The Chair appoints the gentleman from Idaho (Mr. SIMPSON) to preside over the Committee of the Whole.

□ 1543

#### IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5278) to establish an Oversight Board to assist the Government of Puerto Rico, including instrumentalities, in managing its public finances, and for other purposes, with Mr. SIMPSON in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Utah (Mr. BISHOP) and the gentleman from Arizona (Mr. GRIJALVA) each will control 30 minutes.

The Chair recognizes the gentleman from Utah.

Mr. BISHOP of Utah. Mr. Chair, I yield myself such time as I may consume to say that to date, this is one of the most significant bills that has come to the floor in a long time, and it is going to be an excellent solution to a very, very difficult problem.

I yield 5 minutes to the gentleman from Wisconsin (Mr. DUFFY), the sponsor of the bill, for its introduction.

better economic opportunities, which only makes the situation on the island worse. About 80 percent of children in Puerto Rico live in high-poverty areas, compared to about 11 percent of children on the mainland. The island's poverty rate is about 44 percent, and unemployment is 13 percent.

If Congress fails to act, the island and its people face another decade of further economic and social collapse. Our fellow citizens of Puerto Rico should not have to endure this coming humanitarian crisis. Our colleague, NYDIA VELÁZQUEZ, has described the status quo as a "recipe to lose an entire generation to forced migration to the mainland."

After 6 months of difficult bipartisan negotiations, four hearings, and a series of draft bills, we are here today to consider H.R. 5278. H.R. 5278 will provide the tools necessary to get the economy of Puerto Rico on a more stable footing and allow the Commonwealth to regain access to credit markets.

The bill would allow restructuring of all outstanding debt without favoring any particular creditor; require transparent audits, combined with annual fiscal plans and budgets; and temporarily pause the ongoing flurry of litigation to allow the oversight board to begin its work and create a space for voluntary negotiations.

As I have said throughout this process, this is not a bill that I or Democrats would have written. The oversight board is too powerful and is yet another infringement of the sovereignty of the people of Puerto Rico, and they have a right to find it offensive. The provisions undermining minimum wage and overtime rules don't belong in the bill. What is worse, they threaten the effectiveness of the overall legislation.

Provisions that should be included—like full pension protections, an earned income tax credit, equal funding for Medicaid, and a Zika response—are missing. But the reality is that this is the only bill that would attract enough support from my colleagues across the aisle to pass in a Congress which they control. There is no other avenue available to address the crisis. This compromise is the bill we can and should pass.

When measured against a perfect bill, this legislation is inadequate. When measured against the worsening crisis in Puerto Rico, this legislation is vitally necessary.

I urge my colleagues to support H.R. 5278.

I would like to take a moment to clarify for the record a number of inaccurate and misleading statements in the Committee Report on H.R. 5278. It appears that the Committee Report on H.R. 5278 was prepared based on earlier non-public drafts of the bill—not the version considered by the Committee. Several references plainly do not reflect the current language in H.R. 5278 as introduced or as voted on by the House Committee on Natural Resources during its markup hearing.

The following statement on page 40 of the Committee Report oversimplifies a complex problem facing Puerto Rico and, in my view, mischaracterizes the nature of the territory government's action: It says, "Puerto Rico's local politicians have accelerated the crisis on the island through the passage of harmful legislation, including the imposition of a moratorium on the payment of debt." Puerto Rico's passage of a moratorium law was a local response to attempt to address its fiscal and debt emergency in the absence of necessary Congressional action. It is misleading and unreasonable to characterize the passage of a local moratorium law as accelerating the crisis.

The Committee Report's summary of section 101 provides that: "[a]dditionally, this section provides for the appointment of seven individuals to the Oversight Board through a process that ensures that a majority of its members are effectively chosen by Republican congressional leaders on an expedited timeframe, while upholding the President's constitutional role in making appointments." Let's be very clear: The President appoints all seven members of this Puerto Rico Board. To be sure, members of Congress may make suggestions to the President, but the power to appoint members of this territorial entity remains with the President.

The Committee Report's summary of section 201 is inaccurate in a number of respects. The report states, on page 45, that "[i]mportantly, Fiscal Plans ensure the protection of the lawful priorities and liens as guaranteed by the territorial constitution and applicable laws, and prevent unlawful inter-debtor transfers of funds." This interpretation is misleading and does not reflect the language of the bill or the evolution of the language throughout the legislative process. Section 201(b)(1)(N) provides that a Fiscal Plan certified by the Oversight Board must "respect" the relative lawful priorities or lawful liens under territory laws, not "ensure the protection" of such priorities or liens. The verb "respect" was specifically chosen by the drafters of the bill and carefully considered by the Committee. For instance, at the Committee markup, Representative FLEMING twice offered amendments that would have changed the "respect" language in section 201(b)(1)(N) to "comply with." The Committee twice rejected those amendments—the first time on a voice vote and the second time on a roll call vote, 16 yeas to 23 nays. The Committee recognized that the verb "comply with" was unduly restrictive and that the Oversight Board needed the flexibility afforded by the verb "respect," which is more open-ended. For that reason, it is inaccurate for the Committee Report to state—contrary to the current legislative text and the Committee's intent—that Fiscal Plans ensure the protection of lawful priorities and liens.

In addition, the summary of section 201 explains that "[w]hile this language seeks to provide an adequate level of funding for pension systems, it does not allow for pensions to be unduly favored over other indebtedness in a restructuring." But Section 201(b)(1)(C) has nothing to do with relative priorities among various creditors; the provision requires the Board to provide for adequate funding of pensions, which relates to the Fiscal Plan and the manner by which annual budgets comply with the Fiscal Plan. Of course, any restructuring under Title III must be consistent with the Fis-

cal Plan under Section 314 of the bill, but the Committee Report is inaccurate in suggesting that this provision relates to relative priorities.

The following statement on page 48 summarizing section 303 is missing a critical adjective: "nor may an executive order divert funds from one instrumentality to another or to the territory." Certain executive orders that divert funds from one territorial instrumentality to another or to the territory may be lawful under applicable territory laws. The only types of executive orders that are preempted by section 303(3) of this Act are "unlawful" executive orders, as the text of section 303(3) makes abundantly clear. For instance, if an executive order is permitted by the territory's constitution or its laws, it is not an unlawful executive order and is not preempted by section 303. The drafters intended section 303(3) to make clear that PROMESA preempts and renders void any executive orders issued beyond the scope of what would have been authorized by its local laws; lawful exercises of executive authority are unaffected.

In summarizing section 314 on page 50, the report states: "[b]y incorporating consistency with the Fiscal Plan into the requirements of confirmation of a plan of adjustment, the Committee has ensured lawful priorities and liens, as provided for by the territory's constitution, laws, and agreements, will be respected in any debt restructuring that occurs." This summary suffers from the same problem that the summary of the provisions of section 201 suffered: It refers to language that has never existed in a public version of the bill; rather, it reflects staff-level draft text that was ultimately rejected. Section 201 clarifies that Fiscal Plans must "respect" lawful priorities and lawful liens. The Committee carefully considered this language and twice rejected amendments proposed to change it to "comply with" such priorities and liens.

The summary of section 407 on page 52 explains that: "[t]his section grants creditors the right to sue upon the conclusion of the stay, if the government of Puerto Rico transfers property between instrumentalities during the tenure of the Oversight Board in violation of any agreement, or applicable law that a creditor has or would have a pledge of, security interest in, or lien on such property." Section 407, as drafted and passed through Committee establishes a federal remedy for Puerto Rico's creditors in certain circumstances. But the addition of the language "or would have" in the Committee Report, again, reflects staff-level text that was not ultimately included in the version approved by the Committee. The current text provides a cause of action for creditors that—at the time of the alleged unlawful transfer—in fact have "a pledge of, security interest in, or lien on" the transferred property. Contrary to the suggestion of the Committee Report, the provision does not permit such a cause of action if the plaintiff only "would have" in some future circumstance such an interest.

Indeed, the fact that the addition of words like "or would have" were discussed but not ultimately included in the text is strong evidence that Congress did not intend for such prospective, contingent rights to be within the scope of this provision. It would have been extraordinary to provide certain creditors an argument that federal law establishes for them a property interest where no such property interest existed under the terms of the agreements

they negotiated. The Committee rightly declined to do so.

I reserve the balance of my time.

Mr. BISHOP of Utah. Mr. Chairman, I yield 2 minutes to one of the senior members of our committee, a senior member of his delegation, and someone who happens to be celebrating today not only his anniversary, but also his birthday; and what better way of giving a birthday present to the Representative from Alaska than to allow him to speak on the floor on the subject of Puerto Rico.

I yield 2 minutes to the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Chair, I rise today in support of H.R. 5278.

May I commend Chairman BISHOP for his kindness in recognizing my birthday and my anniversary. I am quite proud of that. I am 83 years old. I want a lot of you to remember the fact I still can kick tails and take names, so just keep that in mind.

This is a bill that I do support. It has been worked together with the Puerto Ricans. It has been worked together with Representatives GRIJALVA and PIERLUISI. I would say most all of the people involved in this recognize this is not everything we would want, but it is the bill, I think, that can help Puerto Rico today and now.

It is not a bailout. That is for some people who keep saying it is a bailout. It does not allow taxpayer dollars to be used for paying down the Puerto Rican debt.

I held a hearing in February on the oversight board concept, and it was clear that it was needed and it was testified in favor of. I understand some reluctance in Puerto Rico, but let's get this ship righted. Once we get it righted, restaffed, and the sails full of wind, then Puerto Rico will have a chance.

I do support the multiple-step process. The bill combats the immediate crisis. It will help out Puerto Rico's ability to take and get credit. We need more long-term solutions, though, about the economic zones in Puerto Rico and how we improve the economy there so they can continue to grow.

I want to compliment Mr. DUFFY's amendment, and I will support Mr. DUFFY and his work on this legislation. I do believe a HUBZone is very necessary in the contracting program.

As I mentioned, I have been worked passionately on Puerto Rican issues on the floor of the House. Fifteen years ago, we had a vote about statehood. I passed it by one vote. I am a big supporter of statehood and always have been. It didn't occur. We didn't allow it.

Right now, this problem has to be addressed.

I again do compliment Mr. BISHOP, Mr. DUFFY, and members on that side of the aisle. Let's take our American people and Puerto Rico and give them the recognition that is necessary. Let's take and help them now so we can go forth.

Mr. GRIJALVA. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Ms. VELÁZQUEZ).

Ms. VELÁZQUEZ. Mr. Chairman, I want to take this opportunity to really thank Ranking Member GRIJALVA for the important role that he has played throughout this process.

Mr. Chairman, I rise in support of the bill. When I was elected to Congress, I understood there would be tough votes. For me, PROMESA is one of those votes. For those of us with ties to Puerto Rico, this a profoundly personal issue.

There is plenty of blame to go around for this situation. San Juan has played a role, but Washington and Wall Street have equally contributed to this crisis. It is a crisis that is already harming working families that call the island home and, if left unaddressed, it will grow immeasurably worse.

So today we stand at a fork in the road: one path—the bill before us—empowers Puerto Rico to restructure 100 percent of its debt; the only other route sends Puerto Rico to the courthouse, where it will be at the mercy of creditors that will inflict further suffering on the island.

Now, some would suggest that if we oppose this bill, somehow a third option will magically appear before us. That is nonsense. The stark reality we now face is that, other than PROMESA, there are simply no other politically feasible options left.

That does not mean that this is a perfect bill. It is not even close. It makes no sense that this bill includes an attempt to pay Puerto Rican workers less than those on the mainland. It is offensive that Puerto Rico must foot a \$370 million price tag for an oversight board its residents do not want. And the bill does not address economic growth incentives and healthcare parity, issues at the core of Puerto Rico's crisis.

Despite these shortcomings, I see no alternative. If we do not act, Puerto Rico will unravel further. Basic services are being cut, and these cuts will deepen. More schools will close. More police and firefighters will be terminated. And those who will pay the price are Puerto Rico's most vulnerable: its children, its seniors, and its working families.

We have a profound responsibility to prevent this catastrophe from worsening. Those suffering on the island are my brothers and sisters, my fellow Puerto Ricans.

□ 1600

But, my friends, they are also your fellow citizens. 200,000 Puerto Ricans have fought—and shed blood—in every military conflict since World War I. Now these citizens need our help. This is a responsibility we cannot ignore. You see, when the United States took Puerto Rico—and remember we seized it by force—we did not just obtain a pretty island. We also took on a responsibility to care for the people who live there.

Now, let me say this: Living up to that responsibility does not end with this vote on this bill today. Decisions made by Washington over decades have corroded Puerto Rico's economy. Addressing those problems will require more work by Congress. Until we end the colonial conditions that have subjugated and exploited the island, there will be no long-term recovery.

So this bill alone is not enough. We must pass additional legislation, in the next 6 months, addressing Puerto Rico's deep-seated economic challenges and ongoing healthcare crisis. If we do not, then, Washington, we have failed the people of Puerto Rico once more.

Mr. Chairman, this is not the legislation I would have written, but it is the only way we can extend a lifeline to Puerto Rico right now. In many ways, the easy path for me would be to vote "no." Certainly, I have heard the case made by some in the Puerto Rican community.

The CHAIR. The time of the gentleman has expired.

Mr. GRIJALVA. Mr. Chair, I yield an additional 1 minute to the gentleman.

Ms. VELÁZQUEZ. I thank the gentleman.

Mr. Chair, at the end of the day, I know that if this bill does not pass, people I care about and love on the island I grew up on will suffer greatly. At least with this legislation, Puerto Rico can begin restructuring its debts and start down a new path toward a brighter future. I urge my colleagues to vote "yes" on the bill. Then please join me in working to address the other long-term challenges confronting Puerto Rico.

In closing, let me thank all those who worked on this legislation, especially Leader PELOSI, Speaker RYAN, and Whip HOYER. Let me also thank Ranking Member GRIJALVA and Chairman BISHOP for their efforts as well as my fellow Puerto Rican Members of Congress. And, of course, our thanks to the staff who dedicated countless hours crafting this compromise.

Mr. BISHOP of Utah. Mr. Chair, I yield 2 minutes to the gentleman from Florida (Mr. CURBELO). He is from the southern tip of Florida, as close to Puerto Rico as you can get on the mainland.

Mr. CURBELO of Florida. Mr. Chairman, today I rise in support of H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act, or PROMESA. I want to thank Chairman BISHOP and Representative DUFFY, who have shown steadfast leadership in finding practical solutions to address the fiscal crisis in Puerto Rico.

The situation in Puerto Rico is urgent and so is the need for a responsible reform agenda. Hundreds of thousands of citizens have left the island—many have come to Florida—to find better opportunities as a result of the deteriorating economic conditions.

Our friends in Puerto Rico, our fellow American citizens deserve a better future, one that gives them the chance to

achieve prosperity on the island. This legislation is an important step forward in helping the island mitigate the existing humanitarian and economic emergency in a responsible way.

The bill also allows the congressional task force to look at impediments to economic growth and poverty reduction, including equitable access to Federal healthcare programs for the island's residents. Serious challenges remain in the healthcare sector—like the impending Medicaid cliff—that could have a detrimental impact on the future of the island.

I also urge my colleagues to vote in favor of my amendment with Mr. JOLLY which will guarantee that addressing the nearly 60 percent of children living in poverty on the island is a top priority. As we work to achieve economic stability on the island, we must also ensure that the mechanisms in this bill benefit the extremely vulnerable child population.

Congress has an important interest in ensuring that Puerto Rico not only survives the current crisis, Mr. Chairman, but that it is able to build a better and more sustainable future. Again, I am very supportive of the bipartisan solutions in H.R. 5278, and I urge my colleagues to vote in favor of the bill and of my amendment which addresses child poverty on the island.

Mr. GRIJALVA. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland (Mr. HOYER), our whip.

Mr. HOYER. Mr. Chairman, at the outset, rarely do we see the political courage and intellectual integrity that we have seen in the gentlewoman from New York (Ms. VELÁZQUEZ). I have worked with her for months now trying to get to a solution fair to Puerto Rico and fair to the 3.5 million American citizens who live in Puerto Rico.

I also want to thank my friend JOSÉ SERRANO, also from New York, also Puerto Rican, also having thought about this extraordinarily thoughtfully, and it has been difficult. I want to congratulate both of them for coming to the decision that is a terribly difficult one for them that this is, at this juncture, the only alternative to the pain and the suffering of which Ms. VELÁZQUEZ spoke.

I am sure the citizens of Puerto Rico are watching this debate, and they understand this is not a perfect bill. It is not the bill I or Mr. PIERLUISI—who lost an election, in my view, because of his fidelity to what he believes is in the island's best interest—would have written.

It forces Puerto Rico to take some bitter medicine, accept an oversight board with broad powers that is unacceptable to many living on the island, and it does not provide additional assistance to the island that is critically needed and ought to be done. Hopefully we can address that.

It is a compromise, and it will enable the Commonwealth of Puerto Rico to restructure its debt and prevent economic catastrophe. I can assure both

sides of the aisle in this Chamber and in the Senate that it is a compromise forged out of a serious consideration of all possible alternatives that could result in bipartisan agreement.

We must not risk the cost of further inaction by this Congress, which should have acted months ago; but it is not too late to do the right thing. Congress must act before Puerto Rico's next interest payment is due on July 1.

According to The New York Times Editorial Board: This bill "has flaws . . ."

I think both sides would agree to that.

The New York Times went on: ". . . but at this late hour, it offers the island its best chance of survival."

It is, therefore, Mr. Chairman, my advice and urging to our Members that we vote for this bill. We need to come together and pass this bill without any controversial riders.

Again, I want to thank Representatives VELÁZQUEZ and SERRANO and Resident Commissioner PIERLUISI for their leadership, their courage, and their integrity.

Mr. Chairman, we need to pass this bill for the American citizens living on Puerto Rico and to meet the responsibility of which Ms. VELÁZQUEZ spoke so eloquently.

Mr. BISHOP of Utah. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas (Mr. WESTERMAN), one of the premier members of our committee.

Mr. WESTERMAN. Mr. Chairman, I rise today in support of H.R. 5278. I thank the gentleman from Wisconsin, Congressman DUFFY, and Chairman BISHOP for their work in crafting this bipartisan legislation.

H.R. 5278 is a compromise bill designed to save Puerto Rico from economic calamity and prevent a taxpayer bailout. Mr. Chairman, I suggest that the admission from both sides of the aisle that this bill isn't perfect is a testament that this bill is the best solution.

Puerto Rico is in a crisis. The territory has already missed payments on its debt, and more and larger missed payments are on the near horizon. The fiscal and economic conditions of Puerto Rico are unsustainable. Based on the constitutionally delegated power of Congress "to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States," we have a responsibility to take action on this matter.

This unsustainable debt burden brought on by poor decisions, unfulfilled promises, and bad investments has crippled their economy. Their unemployment rate is 12.2 percent, and since Puerto Ricans are American citizens, thousands of young people come to the mainland each year to find work. Puerto Rico is spiraling out of control, and it is our constitutional responsibility to put our territory on a different path and change the economic trajectory.

H.R. 5278 establishes a 7-member oversight board that will have the authority to establish budgets for the territory, require the scoring of legislation so the people of Puerto Rico know the true costs of government programs, and the power to veto contracts and executive orders.

Once again, I would like to thank Congressman DUFFY and Chairman BISHOP for their hard work in crafting a bill to get Puerto Rico on the right track without a taxpayer bailout. I urge my colleagues to support H.R. 5278 to stop Puerto Rico's economic death spiral and to lay a foundation for a brighter future in Puerto Rico without spending taxpayer dollars.

Mr. GRIJALVA. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. SERRANO).

Mr. SERRANO. Mr. Chairman, when we started these negotiations, with both sides wanting to do something, with both leaderships in the House wanting to do something, I knew that at the end of the day I would be voting for a bill. I knew I had to do that for a very simple reason. Inactivity, inaction was not an option. The only option was to do a bill.

What that bill would look like was my question. What that bill would look like was my challenge and my dilemma. The bill changed. The original bill had some provisions that no one could really defend on either side. We have made a bill now that does have some hard pills to swallow, but then over \$70 billion in debt with no signs of being able to pay is even more of a bitter pill to swallow. The territory is hurting. The people are hurting.

In fact, if anything comes out of this that is positive, it is the fact that the U.S. Congress is paying attention to Puerto Rico in a way that it hasn't in a long, long time, if at all. We are paying attention, and we want to do something about the situation at hand.

We are not supposed to direct our comments to the gallery or to the TV cameras, so I won't do that. But there are people watching this, and they need to have faith in the fact that both parties have come together to come together with a plan that will help us, a plan that will bring Puerto Rico back out of this debt situation. And, most importantly, I believe there is a commitment on both sides to work on economic development projects for the future to help Puerto Rico and its economy.

But I couldn't get off this podium today without addressing my most important issue, and that is that the problem with Puerto Rico continues to be the status. As long as Puerto Rico is a colony, a territory of the United States, these issues will come back and other issues will come back.

I once, some months ago, either sarcastically or very profoundly, said that all we were doing if we didn't deal with the status was putting a Band-Aid on a bigger problem. Well, there is a bigger problem, and I think it is time Congress came together with the people of

Puerto Rico and decided to end the colonial status. But ending the colonial status does not mean tweaking the colony to make it a little better or washing the face of the colony to make it a little more presentable. It means getting rid of the colony and either becoming the 51st State or an independent nation. There is no other solution.

□ 1615

And for us, as the people who promote—and rightfully so—democracy throughout the world, to have a colony for 118 years is wrong. And remember, Puerto Rico didn't do this by itself. The indifference and inequality created this problem, as much as everything else.

Mr. BISHOP of Utah. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho (Mr. LABRADOR), my good friend, who has done a whole lot of work on this particular bill.

Mr. LABRADOR. I thank the chairman and Mr. DUFFY for the work they and their staffs have done on this critical piece of legislation. I especially want to thank my staffer, Aaron Calkins, for his work to make this a better bill. We have worked countless hours to improve this bill, and I am proud of the work that we have done.

Mr. Chairman, I rise today as a member of the Natural Resources Committee and as a Representative of Idaho's First Congressional District to support H.R. 5278.

The debt crisis in Puerto Rico is a result of years of liberal policies where the government carelessly borrowed and overspent, while simultaneously encouraging mismanagement and inefficiency. We cannot view Puerto Rico's situation in a vacuum. If left unresolved, the financial crisis in Puerto Rico will impact the rest of our Nation.

The bill imposes fiscal reforms without spending a single dollar of U.S. taxpayer money to relieve Puerto Rico's debt. The bill protects taxpayers from bailing out a government that spent recklessly and avoids setting a horrible precedent that could tempt free-spending States to walk away from their obligations.

Specifically, H.R. 5278 establishes a strong oversight board to require Puerto Rico to balance its budget and achieve fiscal responsibility. The bill includes language that ensures that the fiscal plans and any potential restructuring must honor lawful priorities and liens as guaranteed by Puerto Rico's constitution and laws.

Every State and municipality in this country relies on bond markets to provide funding for government operations. H.R. 5278 creates the balance that will effectively address the needs of Puerto Rico, while ensuring access to these markets for States and municipalities nationwide.

In conclusion, as a person who was born and raised in Puerto Rico and somebody who is very proud of his Puerto Rican heritage, I love the peo-

ple, I love the island, and I hope that this bill sets them on the path to fiscal responsibility and a brighter future.

The House must pass this bill to establish the necessary framework to help Puerto Rico put its fiscal house in order, while also protecting the interests of every American.

Mr. GRIJALVA. Mr. Chairman, I yield 5 minutes to the gentleman from Puerto Rico (Mr. PIERLUISI), who, at great risk politically, continued to push for this compromised bill we have before us; and for that, we are grateful.

Mr. PIERLUISI. Mr. Chairman, I represent Puerto Rico in Congress, and I rise in support of PROMESA.

Puerto Rico is at a crossroads. Since 1898, it has been a territory of the United States, subject to the broad powers of Congress under the Territory Clause.

In 1917, Congress conferred U.S. citizenship on individuals born in Puerto Rico. In the 1950s, Congress authorized and approved a constitution for Puerto Rico, which provides the island with a republican form of government consisting of three branches.

Because Puerto Rico is a territory, my constituents have never been treated equally relative to their fellow U.S. citizens in the States in terms of either democratic rights or economic opportunities. In large part, to compensate for the lack of fair treatment at the Federal level, the Puerto Rican Government has spent beyond its means at the local level, leading to excessive deficits and debt.

This lack of discipline is regrettable but understandable, since the Puerto Rican Government is seeking to provide a quality of life to island residents comparable to the quality of life in the States. Bear in mind that my constituents can hop on a plane any time, any day, and move to Florida or Texas.

The bill we consider today, PROMESA, is a bipartisan compromise intended to deal with the territory's unprecedented fiscal crisis, which is severe and immediate. The bill will enable Puerto Rico to restructure its public debt in a fair and orderly manner, while establishing an independent and temporary oversight board to ensure that Puerto Rico has a viable, long-term fiscal plan and balanced budgets and that it sticks to both.

In an emergency, the first step is to stabilize the situation, and I believe PROMESA can accomplish this objective. Without this legislation, the Puerto Rican Government is likely to collapse, participants in public pension plans will be terribly harmed, and many bondholders could lose their investments.

PROMESA is in the interest of all stakeholders, and the most likely alternative is chaos, litigation, a rapidly deteriorating quality of life in Puerto Rico, and even greater migration to the States. However, let me be plain. This bill is an essential first step, but it is not an enduring solution.

The Federal Government and, indeed, the Puerto Rican Government must

come to terms with a fundamental fact: so long as my constituents are treated like second-class citizens, Puerto Rico will never have a first-class economy.

Puerto Rico must become a full and equal member of the American family as a State, which is the just and logical next step, or Puerto Rico must join the community of nations as a sovereign country.

Puerto Rico deserves true democracy and true dignity—nothing less—yet first things come first. We have to deal with this immediate crisis. We have to save the house in Puerto Rico. Vote “yes” on H.R. 5278.

Mr. BISHOP of Utah. Mr. Chairman, I, too, would like to express my appreciation and sincere gratitude to the Resident Commissioner of Puerto Rico for his hard work.

I may be known as the historian of this body, but the gentleman from Oklahoma will give a historical perspective.

Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma (Mr. LUCAS).

Mr. LUCAS. Mr. Chairman, I rise today to note that there are only a handful of my colleagues on the floor or in the body who were here when the precedent for this process was set in 1995.

Some of my colleagues on this side of the room argue that we are setting a new precedent. We are not. Some of you remember 1994, when I came as a new Member in a special election. Some of you remember the economic chaos, the near collapse of the District of Columbia and the city of Washington. Some of you remember how we were told in those days that you can't go into certain parts of town because it is not safe. Some remember the stories about how a high percentage—if not almost half—the police cars wouldn't run at any one time.

I remember waking up one July night and looking out the fifth-floor window of the apartment building I was in as the firemen were hosing down a spot not many paces from the corner of First and D Streets where someone had been killed, literally within hundreds of feet of the Federal campus. Washington, D.C., the District of Columbia, was about to collapse into chaos—1994.

So what did we do in 1995? We passed a bill very similar to this. We set up a supervisory board that took control of the finances to help right the ship.

For 2 years, there were tremendously painful decisions made here in Washington, D.C., at the municipal level; but after those 2 years, we had 4 years of balanced budgets, and the Control Act, as it was called, was suspended. It was successful. And the renaissance this town, this community has gone through all started with that bill in 1995.

Now, I am voting for this piece of legislation because I believe my fellow American citizens who live in Puerto

Rico deserve the right to have a renaissance, deserve the right to move forward. But we are all Members of elected bodies and we know how tough these decisions and situations are.

Pass this bill; create the supervisory board; give the good citizens of Puerto Rico, the Commonwealth, our fellow Americans, a chance to benefit, just as Washington, D.C., did. They deserve the chance.

Mr. GRIJALVA. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. GUTIÉRREZ).

Mr. GUTIÉRREZ. Mr. Chairman, I rise in opposition to this legislation. The people of the enchanted island deserve better. It is my duty to my heritage and to the land where I intend to return some day and where someday—hopefully, not soon—I intend to be buried.

As President Obama said so profoundly when he visited the land of his father's birth, Kenya, a nation with one of the richest histories of the struggle for freedom against the colonial power, I, too, LUIS GUTIÉRREZ, am deeply and profoundly connected to my father's birthplace.

I cannot add my vote to this bill and go back to Puerto Rico or to the Puerto Rican people in my congressional district in Illinois with my head held high. I cannot and will not, not when I know that the majority of votes that will pass this legislation if it passes today will come from the Democratic Party, a party that, for all its flaws, is a party I expect a lot more from in times like this.

At a moment in American history when Latinos are quite literally being dragged through the mud by the other party and maligned for being Latinos and distrusted and disrespected because of where their parents or grandparents were born, I expect my fellow Democrats to stand up tall when the lives and destinies of so many citizens—the entire island and its people—are held in the hands of the U.S. Congress.

By law, they do not have a vote here. By law, they need others to vote on their behalf. By law, Puerto Rico belongs to, is property of but not part of, the United States. By law, this Congress owns Puerto Rico and must treat that ownership as stewardship, as a caring and respectful seat of power over the powerless.

And because it is the Democratic Party that will supply so many folks to enact this bill, I expect my colleagues to demand more. I expect us not to support a sub-minimum wage. I expect us not to waive overtime rules that pay people for the work they do.

I expect my fellow Democrats to stand up for equity and equality for Puerto Ricans in our Tax Code, in Medicare and health care, so that they don't have to flee Puerto Rico to go to Orlando, Newark, or Chicago.

I expect Democrats to join me in opposing the same type of unelected control board that has no accountability

to the people that it is controlling—the type of control board focused on austerity without consequences of action for the people; the kind of control board that made decisions in Flint, Michigan, and that poisoned the people that did not elect them, that acted slowly to remedy the situation until other governments and other elected leaders accountable to the people they govern have to step up and begin addressing.

Let me say, I am going to offer a translation in Spanish.

(English translation of the statement made in Spanish is as follows:)

This is not my promise. My promise is that the people of Puerto Rico be respected, that we don't treat them as if they were colonized slaves. I reject this bill. Let me tell you that my promise is clear: to continue my work to defend Puerto Rico. As it is said by the Puerto Rican people: precious, it does not matter what tyrant treats you with bad intentions, precious you'll be.

Esta no es mi promesa; mi promesa es que el pueblo de Puerto Rico se respete y que no se trate como si fueran colonizados esclavos. Yo rechazo esta propuesta, y les digo que mi promesa es clara; de trabajar para defender. Porque como se dice pueblo de Puerto Rico preciosa, no importa el tirano te trate con negra maldad.

The Acting CHAIR (Mr. COLLINS of Georgia). The gentleman from Illinois will provide the Clerk a translation of his remarks.

Mr. BISHOP of Utah. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin (Mr. SENSENBRENNER), one of the cosponsors of this bill.

Mr. SENSENBRENNER. Mr. Chairman, I went to Puerto Rico in March. I have been involved in negotiating this, at the request of the Speaker, literally since the first of this year.

This is difficult. This is something that nobody is happy with. This is something where everybody is going to take a haircut because the depth of the problem is so bad.

What we heard right after this Congress began its session this year was: Why don't we just give them a super chapter 9 bankruptcy? That would have been bad for the future of Puerto Rico, because super chapter 9 would have dumped the \$72 billion of debt and had it wiped out. And there is no way that Puerto Rico, having stiffed \$72 billion worth of bondholders, would ever have been able to access the bond market again.

□ 1630

Bond market access is essential to any type of State or municipal financing.

So what do we have? A choice of doing nothing, and we have heard about the severe consequences if we do nothing, or going with something that worked in the District of Columbia, which is the oversight board.

Now, sure, they are unelected. One of them has to be from Puerto Rico. But

the Puerto Rican Government, which has been elected, is the one that caused this problem to begin with. They have increased just about every function of spending on the Island except debt service, and they have borrowed more and more and more and more, and they don't have the money, or wouldn't appropriate the money to service the debt.

That is why we are here today, and that is what has got to be fixed. It should be fixed with an oversight board working in conjunction with the Puerto Rican Government, not by a court, or simply by not doing anything. It can be fixed, and Puerto Rico can have a renaissance because this is about the only practical way out of the mess.

Mr. GRIJALVA. Mr. Chairman, I yield 2 minutes to the gentlewoman from New York (Mrs. CAROLYN B. MALONEY).

(Mrs. CAROLYN B. MALONEY of New York asked and was given permission to revise and extend her remarks.)

Mrs. CAROLYN B. MALONEY of New York. Mr. Chairman, I rise in strong support of H.R. 5278. This bill is not a perfect bill, but it is a true bipartisan compromise, and it is the only option on the table to address the crisis in Puerto Rico, which is the home to 3.5 million American citizens.

The solution that this bill adopts is simple: It will allow Puerto Rico to restructure its debt in an orderly, court-supervised process and, in exchange, a temporary, temporary Federal oversight board will help Puerto Rico make the structural reforms necessary to get its finances in order and set it on the path of economic growth.

I would like to truly thank all parties for their hard work on this bill, especially Mr. PIERLUISI; my good friends from New York, my colleagues Representatives VELÁZQUEZ and SERRANO; Ranking Member GRIJALVA; Chairman BISHOP; Leader PELOSI; and Antonio Weiss, at the Treasury Department.

New York City, which I represent, has some experience with control boards. When we faced a fiscal crisis back in the 1970s, the State established two control boards. And while that was a tough pill to swallow, in the long run, it made our city better and stronger.

I would like to emphasize that the solution to New York City's fiscal crisis involved a control board, a debt restructuring, and a \$2.3 billion loan from the Federal Government. Puerto Rico isn't getting any Federal money at all, so a debt restructuring law is really the least we can do to help them.

Finally, while some opponents of this bill claim on this floor that debt restructuring is unnecessary because Congress solved D.C.'s fiscal crisis in the nineties with just a control board, this is fundamentally untrue.

The only reason the D.C. Control Board was able to balance D.C.'s budget so quickly was because Treasury assumed the District's \$4 billion in pension obligations the year after the Control Board was created.

So a control board by itself is not enough. We need to do more. But I urge my colleagues to support this bill.

Mr. BISHOP of Utah. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey (Mr. MACARTHUR), who is another Member who has worked hard on this particular bill.

Mr. MACARTHUR. Mr. Chairman, we all know about the crisis in Puerto Rico involving 3½ million U.S. citizens, and we know the causes, fiscal mismanagement over decades, resulting in nearly \$120 billion of bonds and unfunded pension liabilities. Unemployment is two times what it is here on the mainland, and people are fleeing Puerto Rico in droves, especially young people. It is not sustainable.

Mr. Chairman, we decided, as a society, hundreds of years ago, that we were not going to throw debtors into prison, but we were going to allow for the orderly reorganization of debts. And yet, Puerto Rico does not have the basic laws that allow that to take place in this situation. This bill fixes that.

This bill puts equal pressure on bondholders, on the island of Puerto Rico. The bill will require them to work together or there will be consequences. And the bill brings an oversight board to help that happen, to even require that to happen. We have to do this.

But, Mr. Chairman, fixing the debt crisis alone is not going to fix Puerto Rico's future. We need growth initiatives. This island will not enjoy an enduring prosperity until this Congress also thinks about how to help Puerto Rico grow.

That is why I introduced a title to this bill; it is just a sense of Congress, but it puts a flag in the ground saying that we have more work to do on growth, and I am really pleased to see a Growth Commission included in the bill.

Mr. Chairman, I have spent a lifetime in business. I have had the privilege of creating thousands of jobs. That doesn't happen when you have uncertain conditions.

In 1996, we changed the Tax Code in Puerto Rico that treats the return of earnings from that island to the mainland like it is coming from a foreign country, and you can watch the growth rate of Puerto Rico plummet ever since. Ever since 2006—my date was wrong—2006, you can see the growth rate plummet over 10 years.

Manufacturing is still half of the island's economy and yet, it is reduced by half over the last 20 years. We have to do things that make Puerto Rico an attractive business environment.

We all are worried about offshoring. This is an opportunity for near-shoring in a U.S. territory. It is an opportunity to demonstrate pro-growth principles in action; to allow Puerto Rico, an island paradise, to become an economic miracle.

This is the opportunity that I see. I am proud of the bill. Like any bill, it is not perfect. But let's not let the per-

fect become the enemy of the good. It is a good bill that deserves our support. I urge my colleagues to vote "yes."

Mr. GRIJALVA. Mr. Chairman, I yield 1 minute to the gentlewoman from California (Ms. PELOSI). Her time and commitment to the people of Puerto Rico and to working on a compromise in a bipartisan bill have been the primary drivers to this point on the bill that we have before us.

Ms. PELOSI. Mr. Chairman, I rise and commend the leadership of Chairman BISHOP. I thank the gentleman for bringing us here today, as well as our ranking member, Mr. GRIJALVA, for bringing this compromise legislation to the floor.

It is with the deepest of pride that I join my colleagues, Congresswoman NYDIA VELÁZQUEZ and Congressman JOSÉ SERRANO, in support of this legislation. Although we have concerns about some elements of it, we support it on balance.

I can't help but mention to my colleagues here that in April, many of you were there when Congress bestowed the Congressional Gold Medal on the legendary 65th Infantry Regiment, a largely Puerto Rican regiment that served with valor since World War I.

Honor et Fidelitas, honor and fidelity, so rings the motto of this courageous regiment of Americans. With honor and fidelity, the 65th Regiment overcame prejudice and bigotry and wrote a new chapter of heroism in our shared American story.

In the Panama Canal Zone in World War I, on the doorsteps of Nazi Germany, in the defining crucible of the Korean War, and beyond, the Borinqueneers protected freedom abroad and advanced dignity at home.

Their daring on the battlefield helped break down the discrimination facing Puerto Rican and Latino Americans across our country. They enriched our Nation with the strength of their service, through the excellence of their example, and the power of their bravery. Their valor under fire is nothing short of legendary. The heroic service of the Borinqueneers is one of the true great American stories.

I bring this to mind because on that day in Emancipation Hall, which was crowded with people, and the presentations were led by the bipartisan, bicameral House and Senate, Democrat and Republican leadership who had representatives of our military to salute the bravery of these people of Puerto Rico in defense of our country.

Now we have nearly 100,000 veterans in Puerto Rico who will be affected, harmed, unless we act today. Today, more than 3 million of our fellow American citizens in Puerto Rico are facing a fiscal and public debt emergency that threatens their economy, their communities, and their families. Only Congress can provide Puerto Rico with the tools it needs to emerge from this crisis.

After long bipartisan negotiations, we achieved a restructuring process

that meets the test of workability. Does it work? Will it happen?

This is not a bailout. Some people are trying to describe it as such for some other purposes. I know that my colleague from Puerto Rico, PEDRO PIERLUISI, has explained to us the urgency of this. I know that we would have, perhaps, had a bill that didn't have some of the provisions in it that are in it, and we would have preferred to add some better things to the bill, but that is not the choice before us.

As legislators, we have to make a choice: will the bill alleviate the challenge that the people of Puerto Rico are facing? Our Resident Commissioner, PEDRO PIERLUISI, thinks that this bill does achieve that, and I thank him for his courageous leadership on all of this.

Again, this can be a very passionate discussion. It is an emotional one because it involves the lives of people that some of us know and are part of the families of our Members, as JOSÉ SERRANO and NYDIA VELÁZQUEZ mentioned. But we have to be dispassionate in how we make a judgment about how we can solve the problem, and we have that opportunity today.

The oversight board that President Obama will appoint is one that will have the opportunity to implement the restructuring as described in this legislation. On a bipartisan basis, we will be submitting names to the President promptly so that he can appoint the oversight board.

It would be my commitment to make sure that the commitment from the House Democrats is for there to be one from Puerto Rico representing the people of Puerto Rico on that board.

In addition to the oversight board, this legislation also contains a task force, a Members' task force whose task it is to look at impediments in Federal law to Puerto Rico's economic growth. I would hope that that task force would afford us the opportunity to see other ways that we can help the economic growth of Puerto Rico, for the citizens, our fellow citizens in Puerto Rico.

We can talk about parity in relationship to Medicare, Medicaid, and the rest. We can talk about the earned income tax credit, which we enjoy in the United States, and having that be more available in Puerto Rico. We can talk about ways to use the Tax Code to give more opportunity there.

So I urge my colleagues to support the legislation. Even though it is not the bill that either one side would have written, it is a compromise. But it will provide the people of Puerto Rico the tools to overcome the crisis and move forward, hundreds of millions of dollars, maybe \$1 billion a year. It will alleviate Puerto Rico from having to commit, because of the restructuring, and will enable it to meet the needs of the people of Puerto Rico as it gets back on its feet.

Puerto Rico's economic success is important to the United States. Our

economic growth and job creation plans must include our fellow citizens in Puerto Rico. I would hope, with the task force; I would hope with future legislation, as we go forward, we will recognize how close our connection is, how important it is for Puerto Rico to survive, and express our gratitude to the people of Puerto Rico for the vitality they bring to the United States of America, and for the security that so many Puerto Ricans risk their lives to protect our country.

With that, I urge our colleagues to pray over it and conclude, as our three colleagues, Congresswoman VELÁZQUEZ, Congressman SERRANO, Congressman PIERLUSI have concluded, that, on balance, we must move forward for the benefit of the veterans, for the people, for their children, for the citizens of Puerto Rico.

I urge an "aye" vote.

Mr. BISHOP of Utah. Mr. Chairman, I yield myself 4 minutes.

I appreciate the comments that have been made so far on a bill that I want to think actually has a lot of good in it.

□ 1645

Article 4, section 3 of the Constitution provides Congress not only the power, but also the responsibility to do what is needful dealing with the territories.

As a matter of fact, Mr. Chairman, just this morning, the Supreme Court ruled on a case concerning the territory and a question of double jeopardy. By a 6-2 decision, the Court held that Puerto Rico is not a separate sovereignty because the ultimate source of its power and its constitution is the United States Congress. So, indeed, this reminds us all here today of our duty to assist in the territorial issues.

Now, there are seven titles to this particular piece of legislation. The first two deal with the oversight board that will bring fiscal plans and a budget to the island. Titles III and VI deal with restructuring of the debt if certain criteria are met in the oversight board's discretion that it include good-faith debt negotiations with its creditors.

Title V is something I think we sometimes overlook because it gives fast-track authority for vital infrastructure projects to be moved by the government of Puerto Rico, especially in the area of energy generation and distribution systems. One of the problems of Puerto Rico is the high energy costs that have caused them to lose jobs. What we are attempting to do is trying to find a way of changing that problem and reducing Puerto Rico's reliance on diesel fuel to generate their electricity. That is one of the parts of this bill that is extremely important and I think is overlooked sometimes. The final title I am happy about because that has pro-growth portions and reforms in it.

But let it be very clear: this is a conservative bill that is rooted in the Con-

stitution that does not cost the American taxpayers a dime. It is not a bailout. It does not expand the size or scope of the Federal Government, and it does not encroach on State authority.

In fact, I think we have done a pretty good job in trying to solve some problems in a way that can move everyone forward.

At this point, I also want to thank the chairmen of the Committee on Education and the Workforce and the Committee on the Judiciary and Small Business Committee for their help with this particular bill, so especially Chairman KLINE, Chairman GOODLATTE, and Chairman CHABOT. I do appreciate their help on this particular bill.

Mr. Chairman, I reserve the balance of my time.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATURAL RESOURCES,  
Washington, DC, May 25, 2016.

Hon. STEVE CHABOT,  
Chairman, Committee on Small Business,  
Washington, DC.

DEAR MR. CHAIRMAN: On May 25, 2016, the Committee on Natural Resources ordered favorably reported as amended H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act. The bill was referred primarily to the Committee on Natural Resources, with an additional referral to the Committee on Small Business, among other committees.

I ask that you allow the Committee on Small Business to be discharged from further consideration of the bill so that it may be scheduled by the Majority Leader. This discharge in no way affects your jurisdiction over the subject matter of the bill, and it will not serve as precedent for future referrals. In addition, should a conference on the bill be necessary, I would support your request to have the Committee on Small Business represented on the conference committee. Finally, I would be pleased to include this letter and any response in the bill report filed by the Committee on Natural Resources to memorialize our understanding, as well as in the Congressional Record.

Thank you for your consideration of my request, and I look forward to further opportunities to work with you this Congress.

Sincerely,

ROB BISHOP,  
Chairman.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON SMALL BUSINESS,  
Washington, DC, May 25, 2016.

Hon. ROB BISHOP,  
Chairman, Committee on Natural Resources,  
Washington, DC.

DEAR MR. CHAIRMAN: I am writing regarding H.R. 5278, the Puerto Rico Oversight, Management and Economic Stability Act. The bill contains a provision that is within the jurisdiction of the Committee on Small Business.

I recognize and appreciate your desire to bring this bill before the House of Representatives in an expeditious manner. Accordingly, I will agree that the Committee on Small Business be discharged from further consideration of the bill. I do so with the understanding that this action does not affect the jurisdiction of the Committee on Small Business, and that the Committee expressly reserves the right to seek conferees on any provision within its jurisdiction during any House-Senate conference that may be convened on this or any similar legislation. I would ask that you support any such request.

I also ask that a copy of this letter be included in the Congressional Record during the consideration of H.R. 5278 on the House floor.

Thank you for your consideration and for your work on this legislation.

Sincerely,

STEVE CHABOT,  
Chairman.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATURAL RESOURCES,  
Washington, DC, May 31, 2016.

Hon. JOHN KLINE,  
Chairman, Committee on Education and the Workforce, Washington, DC.

DEAR MR. CHAIRMAN: On May 25, 2016, the Committee on Natural Resources ordered favorably reported as amended H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act. The bill was referred primarily to the Committee on Natural Resources, with an additional referral to the Committee on Education and the Workforce, among others.

I ask that you allow the Committee on Education and the Workforce to be discharged from further consideration of the bill so that it may be scheduled by the Majority Leader. This discharge in no way affects your jurisdiction over the subject matter of the bill, and it will not serve as precedent for future referrals. In addition, should a conference on the bill be necessary, I would support your request to have the Committee on Education and the Workforce represented on the conference committee. Finally, I would be pleased to include this letter and any response in the bill report filed by the Committee on Natural Resources to memorialize our understanding, as well as in the Congressional Record.

Thank you for your consideration of my request, and I look forward to further opportunities to work with you this Congress.

Sincerely,

ROB BISHOP,  
Chairman.

COMMITTEE ON EDUCATION  
AND THE WORKFORCE,  
Washington, DC, May 31, 2016.

Hon. ROB BISHOP,  
Chairman, Committee on Natural Resources,  
Washington, DC.

DEAR MR. CHAIRMAN: I am writing to confirm our mutual understanding with respect to H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act. Thank you for consulting with the Committee on Education and the Workforce with regard to H.R. 5278 on those matters within the Committee's jurisdiction.

In the interest of expediting the House's consideration of H.R. 5278, the Committee on Education and the Workforce will forgo further consideration of this bill. However, I do so only with the understanding this procedural route will not be construed to prejudice my Committee's jurisdictional interest and prerogatives on this bill or any other similar legislation and will not be considered as precedent for consideration of matters of jurisdictional interest to my Committee in the future. Additionally, I appreciate your committee's assistance with any additional improvements to the bill within the jurisdiction of the Education and the Workforce Committee.

I respectfully request your support for the appointment of outside conferees from the Committee on Education and the Workforce should this bill or a similar bill be considered in a conference with the Senate. I also request you include our exchange of letters on this matter in the Committee Report on H.R. 5278 and in the Congressional Record during consideration of this bill on the



House Floor. Thank you for your attention to these matters.

Sincerely,

JOHN KLINE,  
*Chairman.*

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATURAL RESOURCES,  
*Washington, DC, May 31, 2016.*

Hon. BOB GOODLATTE,  
*Chairman, Committee on the Judiciary, Washington, DC.*

DEAR MR. CHAIRMAN: On May 25, 2016, the Committee on Natural Resources ordered favorably reported as amended H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act. The bill was referred primarily to the Committee on Natural Resources, with an additional referral to the Committee on the Judiciary, among others.

I ask that you allow the Committee on the Judiciary to be discharged from further consideration of the bill so that it may be scheduled by the Majority Leader. This discharge in no way affects your jurisdiction over the subject matter of the bill, and it will not serve as precedent for future referrals. In addition, should a conference on the bill be necessary, I would support your request to have the Committee on the Judiciary represented on the conference committee. Finally, I would be pleased to include this letter and any response in the bill report filed by the Committee on Natural Resources to memorialize our understanding, as well as in the Congressional Record.

Thank you for your consideration of my request, and I look forward to further opportunities to work with you this Congress.

Sincerely,

ROB BISHOP,  
*Chairman.*

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE JUDICIARY,  
*Washington, DC, June 2, 2016.*

Hon. ROB BISHOP,  
*Chairman, Committee on Natural Resources, Washington, DC.*

DEAR CHAIRMAN BISHOP: I am writing with respect to H.R. 5278, the "Puerto Rico Oversight, Management, and Economic Stability Act," which was referred to the Committee on Natural Resources and in addition to the Committee on the Judiciary among other committees. As a result of your having consulted with us on provisions in H.R. 5278 that fall within the Rule X jurisdiction of the Committee on the Judiciary, I agree to discharge our committee from further consideration of this bill so that it may proceed expeditiously to the House floor for consideration.

The Judiciary Committee takes this action with our mutual understanding that by foregoing consideration of H.R. 5278 at this time, we do not waive any jurisdiction over subject matter contained in this or similar legislation and that our committee will be appropriately consulted and involved as this bill or similar legislation moves forward so that we may address any remaining issues in our jurisdiction. Our committee also reserves the right to seek appointment of an appropriate number of conferees to any House-Senate conference involving this or similar legislation and asks that you support any such request.

I appreciate your May 31, 2016, letter confirming this understanding with respect to H.R. 5278 and would ask that a copy of our exchange of letters on this matter be included in your committee report and in the Congressional Record during Floor consideration of H.R. 5278.

Sincerely,

BOB GOODLATTE,  
*Chairman.*

Mr. GRIJALVA. I yield myself the balance of my time, and thank Leader PELOSI and my colleague, Chairman BISHOP, his staff, and certainly staff on our side of the aisle for their hard work.

It is a bill that is indeed a compromise, and we shouldn't be ashamed of that. It is a compromise that I wish was more tilted on our side and the things that we wanted. But, Mr. Chairman, those are not the dynamics or the numbers in this House.

The reality is that the urgency of Puerto Rico, the humanitarian demands and needs of the island make us look at this bill not with an eye towards perfection, but with an eye toward what is doable and what can provide some immediate relief and begin the process of stability for the island and for its people, and begin the process of an economic renewal for the island itself.

I want to also acknowledge my colleagues, Mr. PIERLUISI, Ms. VELAZQUEZ, and Mr. SERRANO. I know how difficult this vote was and how difficult it is to vote on a compromise that does not fully empower and fully acknowledge the self-governance of the Puerto Rican people. I know that. But your endorsement of this bill is very meaningful in that it ties us to a heritage of representation by the Puerto Rican people in this body and to insisting and demanding that the needs of the people of Puerto Rico be recognized fully by this Congress. We recognize them today, as Mr. SERRANO said, but there is much, much more to do.

This vote, by the way, as I close, is not about heritage. More importantly, it is not about selling out one's heritage. It is about future generations and the opportunities they will have on the island. It is about stability for children, families, and the elderly with a fiscally stable economy and an accountable fiscal system within the island.

While I can understand the political expediency of voting "no," I think the demands and the urgency to deal with this question compel me—and I hope all my colleagues in this body—to vote "yes."

Mr. Chairman, I yield back the balance of my time.

Mr. BISHOP of Utah. I yield 4½ minutes to the gentleman from Louisiana (Mr. GRAVES), another member of our committee.

Mr. GRAVES of Louisiana. Mr. Chairman, I first want to thank Chairman BISHOP, Ranking Member GRIJALVA, Congressmen LABRADOR, DUFFY, and PIERLUISI, and many others who worked tirelessly on this legislation.

Mr. Chairman, the island of Puerto Rico with a population of under 4 million people has a debt of, by some measure, \$100 billion. That is a population less than the State of Louisiana, but a debt of nearly \$100 billion.

We have three options: We can do nothing and continue to allow this island territory to continue spiraling

downward in a financial and humanitarian crisis. We can provide financial oversight. We can relieve regulation, help to reignite the economy, and allow for a negotiation between the creditors and the debtor. Or we can pay off their debt and add to the already \$19 trillion irresponsible debt of the American Government today. Those are the options that are out there.

I will tell you, I also struggled with what the right conservative solution was in this case.

Ultimately, there is just one right answer. Doing nothing will simply worsen the financial condition, will probably put more burden on us to actually bail out the Nation on Congress and on the White House to do that. I oppose a bailout, and I oppose putting taxpayer dollars on the hook to pay off nearly a dozen years of irresponsible spending of the Puerto Rican Government.

So establishing a financial oversight board similar to what was done in Washington, D.C. and providing conditions to negotiate a solution is the right answer. It is the conservative solution.

During committee consideration of the bill, I included an amendment to ensure that Federal taxpayers are not put on the hook for this liability.

Section 210 says: "No Federal funds shall be authorized by this act for the payment of any liability of the territory or territorial instrumentality."

The Acting CHAIR. The time of the gentleman has expired.

Mr. BISHOP of Utah. Mr. Chairman, I yield the gentleman an additional 30 seconds.

Mr. GRAVES of Louisiana. Mr. Chairman, this amendment makes it clear: as affirmed by the Supreme Court today and mentioned by the committee chairman, Puerto Rico is different from a State, and the Supreme Court affirmed that today. It is not a State. It is a territory of the U.S., and we have a constitutional obligation to prevent a worsening disaster.

This bill does not set a precedent for States and municipalities. It respects the priority of debt by general obligation bondholders and others. It prevents higher cost of borrowing by States and municipalities by controlling the situation. Most importantly, Mr. Chairman, it doesn't bail out Puerto Rico. It creates a path for financial stability.

Mr. Chairman, I urge support for H.R. 5278.

Mr. BISHOP of Utah. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT. Mr. Chairman, I come before the House today to support an important piece of legislation that will allow the people of Puerto Rico a path towards economic stability, growth, and prosperity.

Beholden to out-of-control tax-and-spend policies, the Puerto Rican people are experiencing the harsh realities of fiscal irresponsibility and unaccountable government. That is why I strongly support this bill.

We have a moral and constitutional responsibility to address this fiscal crisis which will only get worse if we don't act. That is why I support this bill and what we must learn from this experience.

Congress and Presidents of both parties have let our national debt reach an unsustainable \$19 trillion. That is only because the U.S. Government has something that Puerto Rico doesn't have: the ability to print money and borrow endlessly. So that is why I support the fiscal reforms in this bill which do not spend a single dollar in U.S. taxpayer money to relieve Puerto Rico of its debt.

I have long opposed taxpayer bailouts. Fortunately, this bill prevents the taxpayers from bailing out a government that spent recklessly and provides a conservative solution to force Puerto Rico to spend now responsibly. The bill also avoids setting a horrible precedent that could tempt free-spending States to walk away from their obligations by behaving irresponsibly.

The Acting CHAIR. The time of the gentleman has expired.

Mr. BISHOP of Utah. Mr. Chairman, I yield the gentleman an additional 30 seconds.

Mr. GARRETT. Most importantly, the bill creates a seven-member oversight board to oversee their debt restructuring and to conduct financial audits. What would this board do? It would require commonsense actions like sustainable government programs to establish fiscal plans to achieve needed reform and so on. This bipartisan bill is the first step to return Puerto Rico to solvency and stability.

Americans, each and every day, balance their own checkbooks and live within their own means. Politicians and government bureaucrats should behave no differently. I therefore support the underlying legislation.

Mr. BISHOP of Utah. Mr. Chairman, I yield 1½ minutes to the gentlewoman from Wyoming (Mrs. LUMMIS). She is the vice-chair of the committee.

Mrs. LUMMIS. Mr. Chairman, we saw a bunch of ads on TV about this bill and about what it would do to the bondholders. So I did some research.

I rise in support of this bill as one of the more conservative members of the Republican wing of this House. The reason I support it is the research I did showed me that it wasn't this widow that bought these bonds, it was large institutional investors. It was investors who knew what they were buying because they read the disclosure documents. It was investors who buy billions of dollars worth of bonds, and they are trying to diversify those portfolios, so they have some high-risk, high-return investments and some low-risk, low-return investments. They have different maturity dates. They come from different jurisdictions. They are trying to have a balanced portfolio. Those portfolios were purchased recognizing that some of these bonds might have a higher risk and a higher return.

That higher return comes at a discounted price. So they paid a discount in hopes that they would get the higher return and that these bonds would hold up.

Quite frankly, those bondholders knew what they were getting because it was even disclosed in the bond documents that Congress might be here today debating this very problem of the island's inability to repay everything.

Not all general obligation bonds are created equal. The bond purchasers knew what they were getting. This bill is going to allow for the relative-to-each-other agreement among the bondholders about how to treat the bonds.

Mr. Chairman, I fully support the bill.

Mr. BISHOP of Utah. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. RYAN). He also has the title of Speaker of the House.

Mr. RYAN of Wisconsin. Mr. Chairman, it is vital that we pass this bill. Let me tell you why. Puerto Rico is in trouble, and we need to act now before that trouble threatens taxpayers.

Let me explain why. Puerto Rico's government owes \$118 billion in bonds and in unfunded pension liabilities. It has already defaulted on much of it. Things are only going to get worse.

Now the island is shutting down. You can see it in the news—closed schools, and hospitals are beginning to close. That is today. Tomorrow it could be policemen without cars. It could be blackouts at hospitals. This is a humanitarian disaster in the making. What is worse, if we do nothing, it could be a manmade humanitarian disaster.

I know this goes without saying, but it is worth repeating: the Puerto Rican people are our fellow Americans. They pay our taxes. They fight in our wars. We cannot allow this to happen.

I should also say that if we do nothing, the contagion will simply spread. About 15 percent of Puerto Rico's debt is already held by middle class Americans, and if the government can't meet its obligations, these families will pay the price—or even worse, taxpayers could be asked to bail it out.

□ 1700

That is simply unacceptable. That is why we are taking action now, to prevent a bailout and to help the Puerto Rican people.

What this bill will do is allow Puerto Rico to restructure its debts and set up an oversight board that will oversee this process. Congress and the President will appoint the members of this board. It will audit Puerto Rico's books and make sure the restructuring is open and fair. It will also make sure the restructuring honors the agreements. It will make sure the government changes its ways so we don't have to do this again.

Let me set a few things straight. Some people say this will set a bad precedent. Some people say this will

encourage reckless spending by the States. No, absolutely not. The bill applies only to territories and not to States.

I also want to point one other thing out. The Puerto Rican Government is not getting off scot-free here. Not at all. It has not served the Puerto Rican people well. It has spent money recklessly for decades.

This legislation will make sure that the government balances its budget. It will make sure that they pass reforms that will grow the Puerto Rican economy. It gives flexibility on the youth minimum wage so businesses will hire more young people.

I also hear people say that this is a bailout. That is absolutely, categorically, undeniably false. This bill won't add a single dollar to the deficit. All you have to do is look at the Congressional Budget Office. Not a single taxpayer dollar added to the deficit.

This bill prevents a bailout. That is the entire point. Let me tell you this: if we do not pass this bill, then there is much more likely going to be a bailout because there will be no other choice. But if we pass this bill, Puerto Rico will get a handle on its debt. Its economy will begin to grow. The people in Puerto Rico will see that help is on the way and there is a reason to stay because they are finally getting their act together. Taxpayers will be safe.

I am telling all Members right now, the best chance to get this right is to pass this bill. The best chance for creditors to get what they are owed is this bill. This is our responsibility. The Constitution is really clear. The Constitution gives Congress the duty to oversee legislation for all U.S. territories. Now it is time that we do our constitutional duty.

A lot of people have spent so much time on this legislation. Here is what we are doing. If we see a problem among our fellow citizens and it is in a territory where we have a constitutional responsibility, we have to address this problem, and we have to address this problem in a smart way so that we prevent the taxpayer from getting involved, we have to address this problem in a smart way so that we prevent any contagion from occurring in the bond markets, and we have to address this problem in a smart way so that Puerto Rico can get back on its feet again, so that the future for the people in Puerto Rico is a brighter future.

There are so many people who have poured their hearts into this. I want to thank ROB BISHOP from Utah, the chairman of the committee; I want to thank SEAN DUFFY from Wisconsin; I want to thank RAÚL LABRADOR from Idaho; I want to thank JIM SENSENBRENNER from Wisconsin; I want to thank PEDRO PIERLUISI from Puerto Rico; and I want to thank the Members from the other side of the aisle who put so much time into this.

This is a bipartisan bill. This is the best solution in a deepening crisis. This

bill has my full support. I urge all of my colleagues in the House to give it their full support as well.

Mr. BISHOP of Utah. Mr. Chairman, I yield myself the balance of my time.

Six months ago, our committee began the effort to try to solve this problem. We had four hearings, countless stakeholder meetings, and got input from expert testimony. Interested parties from all over the place were able to get their input in various drafts of this bill. It was an exhaustive effort, but what happened is at the end of this time we had a good bill. That is the way this process is supposed to work.

It is a bill that is rooted in the Constitution, it doesn't cost the taxpayers, it provides Puerto Rico with the tools to impose discipline over its finances, and led towards an element of prosperity.

In Spanish, I am told that the phrase *promesa* means promise. This bill is a promise for Puerto Rico for a better life. It is the way we go forward.

I urge everyone's adoption of a great piece of legislation.

I yield back the balance of my time.

Mr. HINOJOSA. Mr. Chair, today I rise in support of H.R. 5278, the "Puerto Rico Oversight, Management, and Economic Stability Act" (PROMESA)—a bipartisan bill providing short-term relief to respond to the humanitarian crisis facing the people of Puerto Rico.

Mr. Chair, Puerto Rico's faltering economy and the well-being of its more than 3.4 million people are of great concern to my colleagues and me. The island's \$70 billion debt has made it extremely difficult for the Commonwealth to provide adequate health care, education and public safety for the people of Puerto Rico.

As a result, its people are struggling to access basic public services—as schools and hospitals face daily electricity and water shortages. I am deeply concerned that the island's health care systems have been adversely affected by Puerto Rico's debt crisis, making it increasingly difficult to handle a Zika outbreak or other health crises.

As a senior member of the Financial Services Committee, I support giving Puerto Rico all the tools necessary to restore its access to credit markets and restructuring its outstanding debt. These critically important measures will help restore its financial footing.

I do not support certain provisions in the bill, including sections undermining a minimum wage and protections for pension benefits. However, it is my hope that this bill on balance will help Puerto Rico stave off catastrophe by restoring basic services, with the hope of putting Puerto Rico back on the path toward improving the quality of life of its people.

In closing, Mr. Chair, I urge my colleagues on both sides of the aisle to support H.R. 5278. This bill is not perfect, but it takes a step in the right direction.

Ms. BORDALLO. Mr. Chair, I am disappointed that two amendments I offered yesterday at the Rules Committee were not made in order for debate on H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). These amendments, along with amendments offered by

Rep. KILILI SABLAN of the Northern Mariana Islands on the Earned Income Tax Credit and Rep. AMATA RADEWAGEN of American Samoa on the Child Tax Credit, would have addressed underlying issues that are experienced in all the territories and that contributed to Puerto Rico's debt crisis. We had a chance to address legacy policy issues that unduly put a significant financial strain on our local treasuries, yet we were denied an opportunity to more fully debate these issues and be afforded an up or down vote.

My first amendment would have granted the government of Guam flexibility to extend Social Security to all new government hires. The Government of Guam's (GovGuam) current retirement plan will leave many without sufficient means when they retire. As you know, the pension shortfall in Puerto Rico was a key contributor to its current fiscal crisis and local leaders in Guam are working proactively to enact legislation to prevent a similar situation in Guam. Part of their efforts is contingent on enrolling employees in Social Security, and my amendment would give GovGuam flexibility to enroll new hires in Social Security as it works to address retirement shortfalls for its current workforce. The Social Security Actuaries and the CBO have indicated that the amendment would have a net positive increase on federal revenues. I offered a practical, common sense solution that is supported by many on Guam. It was a proactive attempt to provide GovGuam with the tools it needs to address this systemic issue.

My second amendment would have granted equitable treatment to the U.S. territories in carrying out the Medicaid program. The amendment would have eliminated the Medicaid caps on the territories and provide parity with the federal medical assistance percentage in force in the territories. The inequitable treatment of the territories in Medicaid has caused significant financial strain on our local governments and has forced us to contribute a disproportionate share of local dollars when compared to the 50 states and DC. This was a bipartisan amendment supported by all representatives of the territories, and it would have put our constituents, who are all Americans, on equal footing with those who reside in the States. The cost of providing health care in our jurisdictions, particularly on Guam, inhibits our economies from truly developing. Further, this amendment was modeled off a request contained in President Obama's Fiscal Year 2017 budget request which would have eliminated the caps and put the territories on a path to improving their FMAP. This budget proposal is a critical component of solving the crisis we see in Puerto Rico yet we have been denied a chance to address this matter on the floor. We have an opportunity to address this inequity, and I feel it is critical that we act with purpose on this matter.

I also want to underscore my disappointment that amendments submitted by my colleagues, Mr. SABLAN and Ms. RADEWAGEN were also not made in order. We firmly believe that Puerto Rico's debt crisis cannot be resolved through debt restructuring alone. This debt crisis was caused by underlying issues which have been impacted by the unequal treatment of the territories in certain federal programs. Again, like with Medicaid, addressing these issues for Puerto Rico and the other territories would help lift a burden and allow our local governments to focus more on eco-

nomics development and improving infrastructure to support those new economies.

Together our amendments addressed disparities in Medicaid and the application of the Earned Income Tax Credit and the Child Tax Credit, and would have fixed critical issues that contributed to Puerto Rico's debt crisis. We offered these amendments because while Guam's and the other territories' fiscal situations are nowhere near the crisis in Puerto Rico, we had an opportunity to be proactive and eliminate federal policies and programs that are not treating the territories with equity. Put more simply, we could have been proactive in addressing federal law to ensure our other territories are put in a better shape financially.

We simply do not believe that extending the authorities proposed in PROMESA without addressing continued systemic challenges will resolve Puerto Rico's problems, nor will it provide a more secure financial footing in all the territories. I recognize the political challenges that have been undertaken to get this bill to the point that we are at right now. However, we need to find the political will to address the systemic challenges now, before they become crises later. We are doing all we can to be proactive so that what is happening to Puerto Rico does not happen to the rest of us. I hope this Congress will address these issues so that we can bring parity to the millions of Americans living in the territories and enable the territories' local governments to focus on programs that will enhance their economies.

Mr. SMITH of Texas. Mr. Chair, House Resolution 5278 creates a board of managers to address the fiscal condition of Puerto Rico.

However, Puerto Rican officials still have not been held accountable or accepted responsibility for their policies that caused the financial crisis. In fact, just the opposite: the Puerto Rican government ignored its fiscal obligations when it recently voted to approve a moratorium on repaying any of its debt.

But it is Puerto Rico and not Congress who should take the first steps to adopt reform measures.

There is no certainty that a financial oversight board would implement any economic growth measures to improve the Island's fiscal condition.

The board has no mandate from Congress to address the bloated government workforce, high taxes, an insolvent pension system, limitations on trade under the Jones Act, and excessive welfare benefits, all of which helped cause the fiscal crisis.

This legislation rewards bad behavior and represents a missed opportunity for Congress to insist on fiscally responsible reforms.

Mr. CONYERS. Mr. Chair, I rise today because Puerto Rico is confronting a catastrophe. The spiral of recession, emigration, debt, and austerity has left the island in dire straits. Puerto Rico faces immediate default on a large portion of its debt and the island might have to halt emergency services if it cannot obtain further credit.

This crisis has been developing for a long time, but the problem has grown increasingly unworkable over the past year while this Congress has done nothing. The potential humanitarian consequences of continuing to do nothing have convinced me that despite my grave concerns about what I consider a mere half-measure, I must support PROMESA, the Puerto Rico Oversight, Management, and Economic Stability Act (H.R. 5278).

Puerto Rico's problems go beyond short-term debt service. Federal changes to their unique tax structure have helped push the territory into recession for a decade, which in turn has driven massive emigration elsewhere, which harms their ability to attract investment and fair financing, which has only further imperiled the Island's fiscal situation. It is the very definition of an austerity driven destructive cycle.

Correcting its course is no easy task, but Puerto Rico can succeed if they receive two necessary things: time and support.

First, an immediate stay on debt collection and payments that would allow time to develop a negotiated resolution, or absent that a bankruptcy process that treats creditors equitably. All creditors should expect to shoulder some of the pain, but nobody should take unfair losses—least of all the pensioners who can least afford an unequal burden.

Second, an economic development plan that reflects Puerto Rico's unique challenges, like emigration to the mainland, which hinder the island's ability to rebuild its tax base and attract new investment. Alternative energy programs and tax incentives should be supported to encourage a more self-sufficient economy. Public health efforts should be directed to the island in order to evaluate growing problems that disproportionately affect Puerto Rico, such as Zika.

PROMESA, while well intentioned, simply may not fully address the magnitude of Puerto Rico's problems. Without an adequate commitment to improving economic stability on the island, talented residents will continue emigrating elsewhere, industry will further wither because of substandard public services, and local fiscal problems will likely escalate. Further, the ridiculous riders that potentially undercut wage and overtime protections—as well as environmental regulations—represent a cynical effort to take advantage of the Island's desperate situation. It is a shameful reminder that many in this body see Puerto Rico as a colony unworthy of the privileges we enjoy on the mainland.

I am voting for PROMESA despite my serious concerns because I hope against hope that it will be improved in the Senate. A real recovery strategy—one that gives residents, workers, and pensioners a viable future—is what Puerto Rico needs and deserves.

Ms. JACKSON LEE. Mr. Chair, I stand before you today to discuss H.R. 5278—Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA).

Our consideration of PROMESA must be a very thoughtful analysis of an outcome where the people of Puerto Rico will be empowered and be on a path towards progress where working families, their children and pensioners can be on a pathway towards a better future.

PROEMSA is a bipartisan measure and effort to assist the Commonwealth of Puerto Rico in restructuring \$70 billion in currently unpayable debt, an amount that exceeds the size of its entire economy.

There are a total of 3.548 million people living on the island of Puerto Rico.

Since 2006, Puerto Rico's economy has shrunk by more than 10 percent and shed more than 250,000 jobs.

More than 45 percent of the Commonwealth's residents live in poverty—the highest poverty rate of any state or territory.

Furthermore, its 11.6 percent unemployment rate is more than twice the national level.

The challenges facing the people of Puerto Rico have ignited the largest wave of out-migration since the 1950's, and the pace continues to accelerate.

More than 300,000 people have left Puerto Rico in the past decade with a record of 84,000 people leaving in 2014.

Puerto Ricans suffer from high rates of forced migration due to the better opportunities offered in the United States compared to in the commonwealth.

The gap between emigrants and immigrants has been continuously widening.

Indeed, this increase in emigrants caused a population decline, the first in its history, and the stateside Puerto Rican population grew quickly.

The median age of male Puerto Ricans is of working age from the ages of 25–49 and similarly for women from the ages of 25–59.

Most of the homes are family-led.

There are about 1,133,600 people in the civilian labor force but only 43 percent of them are employed.

In addition, most of those working work in minimum wage jobs.

Over 27 percent of the people in the Commonwealth are on welfare.

The median income in Puerto Rico is only half that of the poorest U.S. state, Mississippi, but welfare benefits are about the same in Puerto Rico as in Mississippi.

Swift action is needed in order to alleviate the pain and suffering of the people of Puerto Rico.

There is no time to waste.

H.R. 5278 appears to be an emergency default for Puerto Rico, an American territory where 3.5 million American citizens reside and continue to live in fear for their finances, their families and their future.

On July 1, Puerto Rico will face nearly \$2 billion worth of bond payments.

Already, businesses have closed, public worker benefits are in jeopardy, hospital care is restricted and basic governmental functions are at risk.

Should the Puerto Rican government default in early July, it faces certain litigation by its creditors, further erosion of its economy, and an inability to provide basic services to its people.

This measure creates a process for the Commonwealth to restructure their bond debts, avoiding a default that could lead to a humanitarian catastrophe and instead allowing Puerto Rico to return to economic growth and fiscal balance.

It would allow for the creation of a seven-member Financial Oversight and Management board which will approve annual budgets and fiscal plans.

This fiscal plan must be designed in a way that provides adequate funding for pension obligations.

Also, I have serious concerns about the minimum wage provision of the measure.

Specifically, regarding minimum wage and overtime, H.R. 5278 would extend the application of the existing federal subminimum wage of \$4.25 an hour to those under the age of 25 in Puerto Rico for as long as four years, while all other federal jurisdictions pay the subminimum wage to those under the age of 20 for only up to the first ninety days of employment.

We need to continue to work on ways to improve this measure to ascertain that American citizens in Puerto Rico are not languishing in poverty.

Indeed, the measure contains a provision that provides for a delay on the new Department of Labor overtime pay regulation until a Government Accountability Office (GAO) study is completed and the Department of Labor determines whether the rule could negatively impact the economy of Puerto Rico.

Additionally, the measure would create a "Revitalization Coordinator" that works closely with the Oversight Board to determine which energy and other infrastructure projects will be able to bypass local environmental, public health, and consumer protection laws.

Let me underscore again that I have serious concerns about the provisions in this measure, not the least of which is the expansion of the subminimum wage, the exemption from the new overtime Rule, and the exclusion of protections for pension benefits.

I commend my Democratic colleagues in their efforts of protecting the environment and wildlife refuge in the Commonwealth.

I look forward to working with my Democratic colleagues and our Republican colleagues across the aisle in continuing to improve the provisions of the measure for the betterment of fellow American citizens in Puerto Rico.

Let me conclude by highlighting that H.R. 5278 is not perfect but so long as we continue to work on a bipartisan basis in good faith, we can work towards our efforts of ensuring that Puerto Rico does not become a humanitarian crisis.

We must continue to work together to be our brother's and sister's keepers.

It is essential that we stand with the people of Puerto Rico and take action.

It is essential that we continue to work towards an orderly process that promotes the livelihood of U.S. citizens in Puerto Rico and alleviates the crisis.

The Acting CHAIR. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule.

In lieu of the amendment in the nature of a substitute recommended by the Committee on Natural Resources, printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the 5-minute rule, an amendment in the nature of a substitute consisting of the text of Rules Committee Print 114–57. That amendment in the nature of a substitute shall be considered as read.

The text of the amendment in the nature of a substitute is as follows:

H.R. 5278

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

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

(a) *SHORT TITLE.*—This Act may be cited as the "Puerto Rico Oversight, Management, and Economic Stability Act" or "PROMESA".

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

*Sec. 1. Short title; table of contents.*

*Sec. 2. Effective date.*

*Sec. 3. Severability.*

*Sec. 4. Supremacy.*

*Sec. 5. Definitions.*

*Sec. 6. Placement.*

*Sec. 7. Compliance with Federal laws.*

**TITLE I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT BOARD**  
*Sec. 101. Financial Oversight and Management Board.*

- Sec. 102. Location of Oversight Board.  
 Sec. 103. Executive Director and staff of Oversight Board.  
 Sec. 104. Powers of Oversight Board.  
 Sec. 105. Exemption from liability for claims.  
 Sec. 106. Treatment of actions arising from Act.  
 Sec. 107. Budget and funding for operation of Oversight Board.  
 Sec. 108. Autonomy of Oversight Board.  
 Sec. 109. Ethics.

#### TITLE II—RESPONSIBILITIES OF OVERSIGHT BOARD

- Sec. 201. Approval of fiscal plans.  
 Sec. 202. Approval of budgets.  
 Sec. 203. Effect of finding of noncompliance with budget.  
 Sec. 204. Review of activities to ensure compliance with fiscal plan.  
 Sec. 205. Recommendations on financial stability and management responsibility.  
 Sec. 206. Oversight Board duties related to restructuring.  
 Sec. 207. Oversight Board authority related to debt issuance.  
 Sec. 208. Required reports.  
 Sec. 209. Termination of Oversight Board.  
 Sec. 210. No full faith and credit of the United States.  
 Sec. 211. Analysis of pensions.  
 Sec. 212. Intervention in litigation.

#### TITLE III—ADJUSTMENTS OF DEBTS

- Sec. 301. Applicability of other laws; definitions.  
 Sec. 302. Who may be a debtor.  
 Sec. 303. Reservation of territorial power to control territory and territorial instrumentalities.  
 Sec. 304. Petition and proceedings relating to petition.  
 Sec. 305. Limitation on jurisdiction and powers of court.  
 Sec. 306. Jurisdiction.  
 Sec. 307. Venue.  
 Sec. 308. Selection of presiding judge.  
 Sec. 309. Abstention.  
 Sec. 310. Applicable rules of procedure.  
 Sec. 311. Leases.  
 Sec. 312. Filing of plan of adjustment.  
 Sec. 313. Modification of plan.  
 Sec. 314. Confirmation.  
 Sec. 315. Role and capacity of Oversight Board.  
 Sec. 316. Compensation of professionals.  
 Sec. 317. Interim compensation.

#### TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. Rules of construction.  
 Sec. 402. Right of Puerto Rico to determine its future political status.  
 Sec. 403. First minimum wage in Puerto Rico.  
 Sec. 404. Application of regulation to Puerto Rico.  
 Sec. 405. Automatic stay upon enactment.  
 Sec. 406. Purchases by territory governments.  
 Sec. 407. Protection from inter-debtor transfers.  
 Sec. 408. GAO report on Small Business Administration programs in Puerto Rico.  
 Sec. 409. Congressional Task Force on Economic Growth in Puerto Rico.  
 Sec. 410. Report.

#### TITLE V—PUERTO RICO INFRASTRUCTURE REVITALIZATION

- Sec. 501. Definitions.  
 Sec. 502. Position of Revitalization Coordinator.  
 Sec. 503. Critical projects.  
 Sec. 504. Miscellaneous provisions.  
 Sec. 505. Federal agency requirements.  
 Sec. 506. Judicial review.  
 Sec. 507. Savings clause.

#### TITLE VI—CREDITOR COLLECTIVE ACTION

- Sec. 601. Creditor Collective action.  
 Sec. 602. Applicable law.

#### TITLE VII—SENSE OF CONGRESS REGARDING PERMANENT, PRO-GROWTH FISCAL REFORMS

- Sec. 701. Sense of Congress regarding permanent, pro-growth fiscal reforms.

#### SEC. 2. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), this Act shall take effect on the date of the enactment of this Act.

(b) TITLE III AND TITLE VI.—

(1) TITLE III shall apply with respect to cases commenced under title III on or after the date of the enactment of this Act.

(2) Titles III and VI shall apply with respect to debts, claims, and liens (as such terms are defined in section 101 of title II, United States Code) created before, on, or after such date.

#### SEC. 3. SEVERABILITY.

If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act, or the application of that provision to persons or circumstances other than those as to which it is held invalid, is not affected thereby, provided that title III is not severable from titles I and II, and titles I and II are not severable from title III.

#### SEC. 4. SUPREMACY.

The provisions of this Act shall prevail over any general or specific provisions of territory law, State law, or regulation that is inconsistent with this Act.

#### SEC. 5. DEFINITIONS.

In this Act—

(1) AGREED ACCOUNTING STANDARDS.—The term “agreed accounting standards” means modified accrual accounting standards or, for any period during which the Oversight Board determines in its sole discretion that a territorial government is not reasonably capable of comprehensive reporting that complies with modified accrual accounting standards, such other accounting standards as proposed by the Oversight Board.

(2) BOND.—The term “Bond” means a bond, loan, letter of credit, other borrowing title, obligation of insurance, or other financial indebtedness for borrowed money, including rights, entitlements, or obligations whether such rights, entitlements, or obligations arise from contract, statute, or any other source of law, in any case, related to such a bond, loan, letter of credit, other borrowing title, obligation of insurance, or other financial indebtedness in physical or dematerialized form of which the issuer, obligor, or guarantor is the territorial government.

(3) BOND CLAIM.—The term “Bond Claim” means, as it relates to a Bond—

(A) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or

(B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

(4) BUDGET.—The term “Budget” means the Territory Budget or an Instrumentality Budget, as applicable.

(5) PUERTO RICO.—The term “Puerto Rico” means the Commonwealth of Puerto Rico.

(6) COMPLIANT BUDGET.—The term “compliant budget” means a budget that is prepared in accordance with—

(A) agreed accounting standards; and

(B) the applicable Fiscal Plan.

(7) COVERED TERRITORIAL INSTRUMENTALITY.—The term “covered territorial instrumentality” means a territorial instrumentality designated by the Oversight Board pursuant to section 101 to be subject to the requirements of this Act.

(8) COVERED TERRITORY.—The term “covered territory” means a territory for which an Oversight Board has been established under section 101.

(9) EXECUTIVE DIRECTOR.—The term “Executive Director” means an Executive Director appointed under section 103(a).

(10) FISCAL PLAN.—The term “Fiscal Plan” means a Territory Fiscal Plan or an Instrumentality Fiscal Plan, as applicable.

(11) GOVERNMENT OF PUERTO RICO.—The term “Government of Puerto Rico” means the Commonwealth of Puerto Rico, including all its territorial instrumentalities.

(12) GOVERNOR.—The term “Governor” means the chief executive of a covered territory.

(13) INSTRUMENTALITY BUDGET.—The term “Instrumentality Budget” means a budget for a covered territorial instrumentality, designated by the Oversight Board in accordance with section 101, submitted, approved, and certified in accordance with section 202.

(14) INSTRUMENTALITY FISCAL PLAN.—The term “Instrumentality Fiscal Plan” means a fiscal plan for a covered territorial instrumentality, designated by the Oversight Board in accordance with section 101, submitted, approved, and certified in accordance with section 201.

(15) LEGISLATURE.—The term “Legislature” means the legislative body responsible for enacting the laws of a covered territory.

(16) MODIFIED ACCRUAL ACCOUNTING STANDARDS.—The term “modified accrual accounting standards” means recognizing revenues as they become available and measurable and recognizing expenditures when liabilities are incurred, in each case as defined by the Governmental Accounting Standards Board, in accordance with generally accepted accounting principles.

(17) OVERSIGHT BOARD.—The term “Oversight Board” means a Financial Oversight and Management Board established in accordance with section 101.

(18) TERRITORIAL GOVERNMENT.—The term “territorial government” means the government of a covered territory, including all covered territorial instrumentalities.

(19) TERRITORIAL INSTRUMENTALITY.—

(A) IN GENERAL.—The term “territorial instrumentality” means any political subdivision, public agency, instrumentality—including any instrumentality that is also a bank—or public corporation of a territory, and this term should be broadly construed to effectuate the purposes of this Act.

(B) EXCLUSION.—The term “territorial instrumentality” does not include an Oversight Board.

(20) TERRITORY.—The term “territory” means—

(A) Puerto Rico;

(B) Guam;

(C) American Samoa;

(D) the Commonwealth of the Northern Mariana Islands; or

(E) the United States Virgin Islands.

(21) TERRITORY BUDGET.—The term “Territory Budget” means a budget for a territorial government submitted, approved, and certified in accordance with section 202.

(22) TERRITORY FISCAL PLAN.—The term “Territory Fiscal Plan” means a fiscal plan for a territorial government submitted, approved, and certified in accordance with section 201.

#### SEC. 6. PLACEMENT.

The Law Revision Counsel is directed to place this Act as chapter 20 of title 48, United States Code.

#### SEC. 7. COMPLIANCE WITH FEDERAL LAWS.

Except as otherwise provided in this Act, nothing in this Act shall be construed as impairing or in any manner relieving a territorial government, or any territorial instrumentality thereof, from compliance with Federal laws or requirements or territorial laws and requirements implementing a federally authorized or federally delegated program protecting the health, safety, and environment of persons in such territory.

**TITLE I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT BOARD**  
**SEC. 101. FINANCIAL OVERSIGHT AND MANAGEMENT BOARD.**

(a) **PURPOSE.**—The purpose of the Oversight Board is to provide a method for a covered territory to achieve fiscal responsibility and access to the capital markets.

(b) **ESTABLISHMENT.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), a Financial Oversight and Management Board for a territory is established in accordance with this section only if the Legislature of the territory adopts a resolution signed by the Governor requesting the establishment.

(2) **PUERTO RICO.**—Notwithstanding paragraph (1), a Financial Oversight and Management Board is hereby established for Puerto Rico.

(3) **CONSTITUTIONAL BASIS.**—The Congress enacts this Act pursuant to article IV, section 3 of the Constitution of the United States, which provides Congress the power to dispose of and make all needful rules and regulations for territories.

(c) **TREATMENT.**—An Oversight Board established under this section—

(1) shall be created as an entity within the territorial government for which it is established in accordance with this title; and

(2) shall not be considered to be a department, agency, establishment, or instrumentality of the Federal Government.

(d) **OVERSIGHT OF TERRITORIAL INSTRUMENTALITIES.**—

(1) **DESIGNATION.**—

(A) **IN GENERAL.**—An Oversight Board, in its sole discretion at such time as the Oversight Board determines to be appropriate, may designate any territorial instrumentality as a covered territorial instrumentality that is subject to the requirements of this Act.

(B) **BUDGETS AND REPORTS.**—The Oversight Board may require, in its sole discretion, the Governor to submit to the Oversight Board such budgets and monthly or quarterly reports regarding a covered territorial instrumentality as the Oversight Board determines to be necessary and may designate any covered territorial instrumentality to be included in the Territory Budget; except that the Oversight Board may not designate a covered territorial instrumentality to be included in the Territory Budget if applicable territory law does not require legislative approval of such covered territorial instrumentality's budget.

(C) **SEPARATE INSTRUMENTALITY BUDGETS AND REPORTS.**—The Oversight Board in its sole discretion may or, if it requires a budget from a covered territorial instrumentality whose budget does not require legislative approval under applicable territory law, shall designate a covered territorial instrumentality to be the subject of an Instrumentality Budget separate from the applicable Territory Budget and require that the Governor develop such an Instrumentality Budget.

(D) **INCLUSION IN TERRITORY FISCAL PLAN.**—The Oversight Board may require, in its sole discretion, the Governor to include a covered territorial instrumentality in the applicable Territory Fiscal Plan. Any covered territorial instrumentality submitting a separate Instrumentality Fiscal Plan must also submit a separate Instrumentality Budget.

(E) **SEPARATE INSTRUMENTALITY FISCAL PLANS.**—The Oversight Board may designate, in its sole discretion, a covered territorial instrumentality to be the subject of an Instrumentality Fiscal Plan separate from the applicable Territory Fiscal Plan and require that the Governor develop such an Instrumentality Fiscal Plan. Any covered territorial instrumentality submitting a separate Instrumentality Fiscal Plan must also submit a separate Instrumentality Budget.

(2) **EXCLUSION.**—

(A) **IN GENERAL.**—An Oversight Board, in its sole discretion, at such time as the Oversight Board determines to be appropriate, may exclude any territorial instrumentality from the requirements of this Act.

(B) **TREATMENT.**—A territorial instrumentality excluded pursuant to this paragraph shall not be considered to be a covered territorial instrumentality.

(e) **MEMBERSHIP.**—

(1) **IN GENERAL.**—

(A) The Oversight Board shall consist of seven members appointed by the President who meet the qualifications described in subsection (f) and section 109(a).

(B) The Board shall be comprised of one Category A member, one Category B member, two Category C members, one Category D member, one Category E member, and one Category F member.

(2) **APPOINTED MEMBERS.**—

(A) The President shall appoint the individual members of the Oversight Board, of which—

(i) the Category A member should be selected from a list of individuals submitted by the Speaker of the House of Representatives;

(ii) the Category B member should be selected from a separate list of individuals submitted by the Speaker of the House of Representatives;

(iii) the Category C members should be selected from a list submitted by the Majority Leader of the Senate;

(iv) the Category D member should be selected from a list submitted by the Minority Leader of the House of Representatives;

(v) the Category E member should be selected from a list submitted by the Minority Leader of the Senate; and

(vi) the Category F member may be selected in the President's sole discretion.

(B) After the President's selection of the Category F Board member, for purposes of subparagraph (A) and within a timely manner—

(i) the Speaker of the House of Representatives shall submit two non-overlapping lists of at least three individuals to the President; one list shall include three individuals who maintain a primary residence in the territory or have a primary place of business in the territory;

(ii) the Senate Majority Leader shall submit a list of at least four individuals to the President;

(iii) the Minority Leader of the House of Representatives shall submit a list of at least three individuals to the President; and

(iv) the Minority Leader of the Senate shall submit a list of at least three individuals to the President.

(C) If the President does not select any of the names submitted under subparagraphs (A) and (B), then whoever submitted such list may supplement the lists provided in this subsection with additional names.

(D) The Category A member shall maintain a primary residence in the territory or have a primary place of business in the territory.

(E) With respect to the appointment of a Board member in Category A, B, C, D, or E, such an appointment shall be by and with the advice and consent of the Senate, unless the President appoints an individual from a list, as provided in this subsection, in which case no Senate confirmation is required.

(F) In the event of a vacancy of a Category A, B, C, D, or E Board seat, the corresponding congressional leader referenced in subparagraph (A) shall submit a list pursuant to this subsection within a timely manner of the Board member's resignation or removal becoming effective.

(G) With respect to an Oversight Board for Puerto Rico, in the event any of the 7 members have not been appointed by September 30, 2016, then the President shall appoint an individual from the list for the current vacant category by December 1, 2016, provided that such list includes at least 2 individuals per vacancy who meet the requirements set forth in subsection (f) and section 109, and are willing to serve.

(3) **EX OFFICIO MEMBER.**—The Governor, or the Governor's designee, shall be an ex officio member of the Oversight Board without voting rights.

(4) **CHAIR.**—The voting members of the Oversight Board shall designate one of the voting members of the Oversight Board as the Chair of the Oversight Board (referred to hereafter in this Act as the "Chair") within 30 days of the full appointment of the Oversight Board.

(5) **TERM OF SERVICE.**—

(A) **IN GENERAL.**—Each appointed member of the Oversight Board shall be appointed for a term of 3 years.

(B) **REMOVAL.**—The President may remove any member of the Oversight Board only for cause.

(C) **CONTINUATION OF SERVICE UNTIL SUCCESSOR APPOINTED.**—Upon the expiration of a term of office, a member of the Oversight Board may continue to serve until a successor has been appointed.

(D) **REAPPOINTMENT.**—An individual may serve consecutive terms as an appointed member, provided that such reappointment occurs in compliance with paragraph (6).

(6) **VACANCIES.**—A vacancy on the Oversight Board shall be filled in the same manner in which the original member was appointed.

(f) **ELIGIBILITY FOR APPOINTMENTS.**—An individual is eligible for appointment as a member of the Oversight Board only if the individual—

(1) has knowledge and expertise in finance, municipal bond markets, management, law, or the organization or operation of business or government; and

(2) prior to appointment, an individual is not an officer, elected official, or employee of the territorial government, a candidate for elected office of the territorial government, or a former elected official of the territorial government.

(g) **NO COMPENSATION FOR SERVICE.**—Members of the Oversight Board shall serve without pay, but may receive reimbursement from the Oversight Board for any reasonable and necessary expenses incurred by reason of service on the Oversight Board.

(h) **ADOPTION OF BYLAWS FOR CONDUCTING BUSINESS OF OVERSIGHT BOARD.**—

(1) **IN GENERAL.**—As soon as practicable after the appointment of all members and appointment of the Chair, the Oversight Board shall adopt bylaws, rules, and procedures governing its activities under this Act, including procedures for hiring experts and consultants. Such bylaws, rules, and procedures shall be public documents, and shall be submitted by the Oversight Board upon adoption to the Governor, the Legislature, the President, and Congress. The Oversight Board may hire professionals as it determines to be necessary to carry out this subsection.

(2) **ACTIVITIES REQUIRING APPROVAL OF MAJORITY OF MEMBERS.**—Under the bylaws adopted pursuant to paragraph (1), the Oversight Board may conduct its operations under such procedures as it considers appropriate, except that an affirmative vote of a majority of the members of the Oversight Board's full appointed membership shall be required in order for the Oversight Board to approve a Fiscal Plan under section 201, to approve a Budget under section 202, to cause a legislative act not to be enforced under section 204, or to approve or disapprove an infrastructure project as a Critical Project under section 503.

(3) **ADOPTION OF RULES AND REGULATIONS OF TERRITORIAL GOVERNMENT.**—The Oversight Board may incorporate in its bylaws, rules, and procedures under this subsection such rules and regulations of the territorial government as it considers appropriate to enable it to carry out its activities under this Act with the greatest degree of independence practicable.

(4) **EXECUTIVE SESSION.**—Upon a majority vote of the Oversight Board's full voting membership, the Oversight Board may conduct its business in an executive session that consists solely of the

Oversight Board's voting members and is closed to the public, but only for the business items set forth as part of the vote to convene an executive session.

**SEC. 102. LOCATION OF OVERSIGHT BOARD.**

The Oversight Board shall have an office in the covered territory and additional offices as it deems necessary. At any time, any department or agency of the United States may provide the Oversight Board use of Federal facilities and equipment on a reimbursable or non-reimbursable basis and subject to such terms and conditions as the head of that department or agency may establish.

**SEC. 103. EXECUTIVE DIRECTOR AND STAFF OF OVERSIGHT BOARD.**

(a) **EXECUTIVE DIRECTOR.**—The Oversight Board shall have an Executive Director who shall be appointed by the Chair with the consent of the Oversight Board. The Executive Director shall be paid at a rate determined by the Oversight Board.

(b) **STAFF.**—With the approval of the Chair, the Executive Director may appoint and fix the pay of additional personnel as the Executive Director considers appropriate, except that no individual appointed by the Executive Director may be paid at a rate greater than the rate of pay for the Executive Director unless the Oversight Board provides for otherwise. The staff shall include a Revitalization Coordinator appointed pursuant to Title V of this Act. Any such personnel may include private citizens, employees of the Federal Government, or employees of the territorial government, provided, however, that the Executive Director may not fix the pay of employees of the Federal Government or the territorial government.

(c) **INAPPLICABILITY OF CERTAIN EMPLOYMENT AND PROCUREMENT LAWS.**—The Executive Director and staff of the Oversight Board may be appointed and paid without regard to any provision of the laws of the covered territory or the Federal Government governing appointments and salaries. Any provision of the laws of the covered territory governing procurement shall not apply to the Oversight Board.

(d) **STAFF OF FEDERAL AGENCIES.**—Upon request of the Chair, the head of any Federal department or agency may detail, on a reimbursable or nonreimbursable basis, and in accordance with the Intergovernmental Personnel Act of 1970 (5 U.S.C. 3371–3375), any of the personnel of that department or agency to the Oversight Board to assist it in carrying out its duties under this Act.

(e) **STAFF OF TERRITORIAL GOVERNMENT.**—Upon request of the Chair, the head of any department or agency of the covered territory may detail, on a reimbursable or nonreimbursable basis, any of the personnel of that department or agency to the Oversight Board to assist it in carrying out its duties under this Act.

**SEC. 104. POWERS OF OVERSIGHT BOARD.**

(a) **HEARINGS AND SESSIONS.**—The Oversight Board may, for the purpose of carrying out this Act, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Oversight Board considers appropriate. The Oversight Board may administer oaths or affirmations to witnesses appearing before it.

(b) **POWERS OF MEMBERS AND AGENTS.**—Any member or agent of the Oversight Board may, if authorized by the Oversight Board, take any action that the Oversight Board is authorized to take by this section.

(c) **OBTAINING OFFICIAL DATA.**—

(1) **FROM FEDERAL GOVERNMENT.**—Notwithstanding sections 552 (commonly known as the Freedom of Information Act), 552a (commonly known as the Privacy Act of 1974), and 552b (commonly known as the Government in the Sunshine Act) of title 5, United States Code, the Oversight Board may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act, with the approval of the head of that department or agency.

(2) **FROM TERRITORIAL GOVERNMENT.**—Notwithstanding any other provision of law, the Oversight Board shall have the right to secure copies, whether written or electronic, of such records, documents, information, data, or metadata from the territorial government necessary to enable the Oversight Board to carry out its responsibilities under this Act. At the request of the Oversight Board, the Oversight Board shall be granted direct access to such information systems, records, documents, information, or data as will enable the Oversight Board to carry out its responsibilities under this Act. The head of the entity of the territorial government responsible shall provide the Oversight Board with such information and assistance (including granting the Oversight Board direct access to automated or other information systems) as the Oversight Board requires under this paragraph.

(d) **OBTAINING CREDITOR INFORMATION.**—

(1) Upon request of the Oversight Board, each creditor or organized group of creditors of a covered territory or covered territorial instrumentality seeking to participate in voluntary negotiations shall provide to the Oversight Board, and the Oversight Board shall make publicly available to any other participant, a statement setting forth—

(A) the name and address of the creditor or of each member of an organized group of creditors; and

(B) the nature and aggregate amount of claims or other economic interests held in relation to the issuer as of the later of—

(i) the date the creditor acquired the claims or other economic interests or, in the case of an organized group of creditors, the date the group was formed; or

(ii) the date the Oversight Board was formed.

(2) For purposes of this subsection, an organized group shall mean multiple creditors that are—

(A) acting in concert to advance their common interests, including, but not limited to, retaining legal counsel to represent such multiple entities; and

(B) not composed entirely of affiliates or insiders of one another.

(3) The Oversight Board may request supplemental statements to be filed by each creditor or organized group of creditors quarterly, or if any fact in the most recently filed statement has changed materially.

(e) **GIFTS, BEQUESTS, AND DEVICES.**—The Oversight Board may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Oversight Board. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in such account as the Oversight Board may establish and shall be available for disbursement upon order of the Chair, consistent with the Oversight Board's bylaws, or rules and procedures. All gifts, bequests or devises and the identities of the donors shall be publicly disclosed by the Oversight Board within 30 days of receipt.

(f) **SUBPOENA POWER.**—

(1) **IN GENERAL.**—The Oversight Board may issue subpoenas requiring the attendance and testimony of witnesses and the production of books, records, correspondence, memoranda, papers, documents, electronic files, metadata, tapes, and materials of any nature relating to any matter under investigation by the Oversight Board. Jurisdiction to compel the attendance of witnesses and the production of such materials shall be governed by the statute setting forth the scope of personal jurisdiction exercised by the covered territory, or in the case of Puerto Rico, 32 L.P.R.A. App. III. R. 4.7., as amended.

(2) **FAILURE TO OBEY A SUBPOENA.**—If a person refuses to obey a subpoena issued under paragraph (1), the Oversight Board may apply to the court of first instance of the covered terri-

tory. Any failure to obey the order of the court may be punished by the court in accordance with civil contempt laws of the covered territory.

(3) **SERVICE OF SUBPOENAS.**—The subpoena of the Oversight Board shall be served in the manner provided by the rules of procedure for the courts of the covered territory, or in the case of Puerto Rico, the Rules of Civil Procedure of Puerto Rico, for subpoenas issued by the court of first instance of the covered territory.

(g) **AUTHORITY TO ENTER INTO CONTRACTS.**—The Executive Director may enter into such contracts as the Executive Director considers appropriate (subject to the approval of the Chair) consistent with the Oversight Board's bylaws, rules, and regulations to carry out the Oversight Board's responsibilities under this Act.

(h) **AUTHORITY TO ENFORCE CERTAIN LAWS OF THE COVERED TERRITORY.**—The Oversight Board shall ensure the purposes of this Act are met, including by ensuring the prompt enforcement of any applicable laws of the covered territory prohibiting public sector employees from participating in a strike or lockout. In the application of this subsection, with respect to Puerto Rico, the term "applicable laws" refers to 3 L.P.R.A. 1451q and 3 L.P.R.A. 1451r, as amended.

(i) **VOLUNTARY AGREEMENT CERTIFICATION.**—

(1) **IN GENERAL.**—The Oversight Board shall issue a certification to a covered territory or covered territorial instrumentality if the Oversight Board determines, in its sole discretion, that such covered territory or covered territorial instrumentality, as applicable, has successfully reached a voluntary agreement with holders of its Bond Claims to restructure such Bond Claims—

(A) except as provided in subparagraph (C), if an applicable Fiscal Plan has been certified, in a manner that provides for a sustainable level of debt for such covered territory or covered territorial instrumentality, as applicable, and is in conformance with the applicable certified Fiscal Plan;

(B) except as provided in subparagraph (C), if an applicable Fiscal Plan has not yet been certified, in a manner that provides, in the Oversight Board's sole discretion, for a sustainable level of debt for such covered territory or covered territorial instrumentality; or

(C) notwithstanding subparagraphs (A) and (B), if an applicable Fiscal Plan has not yet been certified and the voluntary agreement is limited solely to an extension of applicable principal maturities and interest on Bonds issued by such covered territory or covered territorial instrumentality, as applicable, for a period of up to one year during which time no interest will be paid on the Bond Claims affected by the voluntary agreement.

(2) **EFFECTIVENESS.**—The effectiveness of any voluntary agreement referred to in paragraph (1) shall be conditioned on—

(A) the Oversight Board delivering the certification described in paragraph (1); and

(B) the agreement of a majority in amount of the Bond Claims of a covered territory or a covered territorial instrumentality that are to be affected by such agreement, provided, however, that such agreement is solely for purposes of serving as a Qualifying Modification pursuant to subsection 601(g) of this Act and shall not alter existing legal rights of holders of Bond Claims against such covered territory or covered territorial instrumentality that have not assented to such agreement.

(3) **PREEXISTING VOLUNTARY AGREEMENTS.**—Any voluntary agreements that the territorial government or any covered territorial instrumentality has executed with holders of its debts to restructure such debts prior to the date of enactment of the Act shall be deemed to be in conformance with the requirements of this subsection, to the extent the requirements of paragraph (2)(B)(i) have been satisfied.

(j) **RESTRUCTURING FILINGS.**—

(1) **IN GENERAL.**—Subject to paragraph (3), before taking an action described in paragraph (2)

on behalf of a debtor or potential debtor in a case under title III, the Oversight Board must certify the action.

(2) **ACTIONS DESCRIBED.**—The actions referred to in paragraph (1) are—

(A) the filing of a petition; or

(B) the submission or modification of a plan of adjustment.

(3) **CONDITION FOR PLANS OF ADJUSTMENT.**—The Oversight Board may certify a plan of adjustment only if it determines, in its sole discretion, that it is consistent with the applicable certified Fiscal Plan.

(k) **CIVIL ACTIONS TO ENFORCE POWERS.**—The Oversight Board may seek judicial enforcement of its authority to carry out its responsibilities under this Act.

(l) **PENALTIES.**—

(1) **ACTS PROHIBITED.**—Any officer or employee of the territorial government who prepares, presents, or certifies any information or report for the Oversight Board or any of its agents that is intentionally false or misleading, or, upon learning that any such information is false or misleading, fails to immediately advise the Oversight Board or its agents thereof in writing, shall be subject to prosecution and penalties under any laws of the territory prohibiting the provision of false information to government officials, which in the case of Puerto Rico shall include 33 L.P.R.A. 4889, as amended.

(2) **ADMINISTRATIVE DISCIPLINE.**—In addition to any other applicable penalty, any officer or employee of the territorial government who knowingly and willfully violates paragraph (1) or takes any such action in violation of any valid order of the Oversight Board or fails or refuses to take any action required by any such order, shall be subject to appropriate administrative discipline, including (when appropriate) suspension from duty without pay or removal from office, by order of the Governor.

(3) **REPORT BY GOVERNOR ON DISCIPLINARY ACTIONS TAKEN.**—In the case of a violation of paragraph (2) by an officer or employee of the territorial government, the Governor shall immediately report to the Oversight Board all pertinent facts together with a statement of the action taken thereon.

(m) **ELECTRONIC REPORTING.**—The Oversight Board may, in consultation with the Governor, ensure the prompt and efficient payment and administration of taxes through the adoption of electronic reporting, payment and auditing technologies.

(n) **ADMINISTRATIVE SUPPORT SERVICES.**—Upon the request of the Oversight Board, the Administrator of General Services or other appropriate Federal agencies shall promptly provide to the Oversight Board, on a reimbursable or non-reimbursable basis, the administrative support services necessary for the Oversight Board to carry out its responsibilities under this Act.

(o) **INVESTIGATION OF DISCLOSURE AND SELLING PRACTICES.**—The Oversight Board may investigate the disclosure and selling practices in connection with the purchase of bonds issued by the Government of Puerto Rico for or on behalf of any retail investors including any underrepresentation of risk for such investors and any relationships or conflicts of interest maintained by such broker, dealer, or investment adviser as provided in applicable laws and regulations.

(p) **FINDINGS OF ANY INVESTIGATION.**—The Oversight Board shall make public the findings of any investigation referenced in subsection (o).

#### **SEC. 105. EXEMPTION FROM LIABILITY FOR CLAIMS.**

The Oversight Board, its members, and its employees shall not be liable for any obligation of or claim against the Oversight Board or its members or employees or the territorial government resulting from actions taken to carry out this Act.

#### **SEC. 106. TREATMENT OF ACTIONS ARISING FROM ACT.**

(a) **JURISDICTION.**—Except as provided in section 104(f)(2) (relating to the issuance of an order enforcing a subpoena), and title III (relating to adjustments of debts), any action against the Oversight Board, and any action otherwise arising out of this Act, in whole or in part, shall be brought in a United States district court for the covered territory or, for any covered territory that does not have a district court, in the United States District Court for the District of Hawaii.

(b) **APPEAL.**—Notwithstanding any other provision of law, any order of a United States district court that is issued pursuant to an action brought under subsection (a) shall be subject to review only pursuant to a notice of appeal to the applicable United States Court of Appeals.

(c) **TIMING OF RELIEF.**—Except with respect to any orders entered to remedy constitutional violations, no order of any court granting declaratory or injunctive relief against the Oversight Board, including relief permitting or requiring the obligation, borrowing, or expenditure of funds, shall take effect during the pendency of the action before such court, during the time appeal may be taken, or (if appeal is taken) during the period before the court has entered its final order disposing of such action.

(d) **EXPEDITED CONSIDERATION.**—It shall be the duty of the applicable United States District Court, the applicable United States Court of Appeals, and, as applicable, the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter brought under this Act.

(e) **REVIEW OF OVERSIGHT BOARD CERTIFICATIONS.**—There shall be no jurisdiction in any United States district court to review challenges to the Oversight Board's certification determinations under this Act.

#### **SEC. 107. BUDGET AND FUNDING FOR OPERATION OF OVERSIGHT BOARD.**

(a) **SUBMISSION OF BUDGET.**—The Oversight Board shall submit a budget for each fiscal year during which the Oversight Board is in operation, to the President, the House of Representatives Committee on Natural Resources and the Senate Committee on Energy and Natural Resources, the Governor, and the Legislature.

(b) **FUNDING.**—The Oversight Board shall use its powers with respect to the Territory Budget of the covered territory to ensure that sufficient funds are available to cover all expenses of the Oversight Board. Within 30 days after the date of enactment of this Act, the territorial government shall designate a dedicated funding source, not subject to subsequent legislative appropriations, sufficient to support the annual expenses of the Oversight Board as determined in the Oversight Board's sole and exclusive discretion.

#### **SEC. 108. AUTONOMY OF OVERSIGHT BOARD.**

(a) **IN GENERAL.**—Neither the Governor nor the Legislature may—

(1) exercise any control, supervision, oversight, or review over the Oversight Board or its activities; or

(2) enact, implement, or enforce any statute, resolution, policy, or rule that would impair or defeat the purposes of this Act, as determined by the Oversight Board.

(b) **OVERSIGHT BOARD LEGAL REPRESENTATION.**—In any action brought by or on behalf of the Oversight Board, the Oversight Board shall be represented by such counsel as it may hire or retain so long as no conflict of interest exists.

#### **SEC. 109. ETHICS.**

(a) **CONFLICT OF INTEREST.**—Notwithstanding any ethics provision governing employees of the covered territory, all members and staff of the Oversight Board shall be subject to the Federal conflict of interest requirements described in section 208 of title 18, United States Code.

(b) **FINANCIAL DISCLOSURE.**—Notwithstanding any ethics provision governing employees of the

covered territory, all members of the Oversight Board and staff designated by the Oversight Board shall be subject to disclosure of their financial interests, the contents of which shall conform to the same requirements set forth in section 102 of the Ethics in Government Act of 1978 (5 U.S.C. app.).

#### **TITLE II—RESPONSIBILITIES OF OVERSIGHT BOARD**

##### **SEC. 201. APPROVAL OF FISCAL PLANS.**

(a) **IN GENERAL.**—As soon as practicable after all of the members and the Chair have been appointed to the Oversight Board in accordance with section 101(e) in the fiscal year in which the Oversight Board is established, and in each fiscal year thereafter during which the Oversight Board is in operation, the Oversight Board shall deliver a notice to the Governor providing a schedule for the process of development, submission, approval, and certification of Fiscal Plans. The notice may also set forth a schedule for revisions to any Fiscal Plan that has already been certified, which revisions must be subject to subsequent approval and certification by the Oversight Board. The Oversight Board shall consult with the Governor in establishing a schedule, but the Oversight Board shall retain sole discretion to set or, by delivery of a subsequent notice to the Governor, change the dates of such schedule as it deems appropriate and reasonably feasible.

(b) **REQUIREMENTS.**—

(1) **IN GENERAL.**—A Fiscal Plan developed under this section shall, with respect to the territorial government or covered territorial instrumentality, provide a method to achieve fiscal responsibility and access to the capital markets, and—

(A) provide for estimates of revenues and expenditures in conformance with agreed accounting standards and be based on—

(i) applicable laws; or

(ii) specific bills that require enactment in order to reasonably achieve the projections of the Fiscal Plan;

(B) ensure the funding of essential public services;

(C) provide adequate funding for public pension systems;

(D) provide for the elimination of structural deficits;

(E) for fiscal years covered by a Fiscal Plan in which a stay under titles III or IV is not effective, provide for a debt burden that is sustainable;

(F) improve fiscal governance, accountability, and internal controls;

(G) enable the achievement of fiscal targets;

(H) create independent forecasts of revenue for the period covered by the Fiscal Plan;

(I) include a debt sustainability analysis;

(J) provide for capital expenditures and investments necessary to promote economic growth;

(K) adopt appropriate recommendations submitted by the Oversight Board under section 205(a);

(L) include such additional information as the Oversight Board deems necessary;

(M) ensure that assets, funds, or resources of a territorial instrumentality are not loaned to, transferred to, or otherwise used for the benefit of a covered territory or another covered territorial instrumentality of a covered territory, unless permitted by the constitution of the territory, an approved plan of adjustment under title III, or a Qualifying Modification approved under title VI; and

(N) respect the relative lawful priorities or lawful liens, as may be applicable, in the constitution, other laws, or agreements of a covered territory or covered territorial instrumentality in effect prior to the date of enactment of this Act.

(2) **TERM.**—A Fiscal Plan developed under this section shall cover a period of fiscal years as determined by the Oversight Board in its sole discretion but in any case a period of not less than



5 fiscal years from the fiscal year in which it is certified by the Oversight Board.

(c) DEVELOPMENT, REVIEW, APPROVAL, AND CERTIFICATION OF FISCAL PLANS.—

(1) TIMING REQUIREMENT.—The Governor may not submit to the Legislature a Territory Budget under section 202 for a fiscal year unless the Oversight Board has certified the Territory Fiscal Plan for that fiscal year in accordance with this subsection, unless the Oversight Board in its sole discretion waives this requirement.

(2) FISCAL PLAN DEVELOPED BY GOVERNOR.—The Governor shall submit to the Oversight Board any proposed Fiscal Plan required by the Oversight Board by the time specified in the notice delivered under subsection (a).

(3) REVIEW BY THE OVERSIGHT BOARD.—The Oversight Board shall review any proposed Fiscal Plan to determine whether it satisfies the requirements set forth in subsection (b) and, if the Oversight Board determines in its sole discretion that the proposed Fiscal Plan—

(A) satisfies such requirements, the Oversight Board shall approve the proposed Fiscal Plan; or

(B) does not satisfy such requirements, the Oversight Board shall provide to the Governor—

(i) a notice of violation that includes recommendations for revisions to the applicable Fiscal Plan; and

(ii) an opportunity to correct the violation in accordance with subsection (d)(1).

(d) REVISED FISCAL PLAN.—

(1) IN GENERAL.—If the Governor receives a notice of violation under subsection (c)(3), the Governor shall submit to the Oversight Board a revised proposed Fiscal Plan in accordance with subsection (b) by the time specified in the notice delivered under subsection (a). The Governor may submit as many revised Fiscal Plans to the Oversight Board as the schedule established in the notice delivered under subsection (a) permits.

(2) DEVELOPMENT BY OVERSIGHT BOARD.—If the Governor fails to submit to the Oversight Board a Fiscal Plan that the Oversight Board determines in its sole discretion satisfies the requirements set forth in subsection (b) by the time specified in the notice delivered under subsection (a), the Oversight Board shall develop and submit to the Governor and the Legislature a Fiscal Plan that satisfies the requirements set forth in subsection (b).

(e) APPROVAL AND CERTIFICATION.—

(1) APPROVAL OF FISCAL PLAN DEVELOPED BY GOVERNOR.—If the Oversight Board approves a Fiscal Plan under subsection (c)(3), it shall deliver a compliance certification for such Fiscal Plan to the Governor and the Legislature.

(2) DEEMED APPROVAL OF FISCAL PLAN DEVELOPED BY OVERSIGHT BOARD.—If the Oversight Board develops a Fiscal Plan under subsection (d)(2), such Fiscal Plan shall be deemed approved by the Governor, and the Oversight Board shall issue a compliance certification for such Fiscal Plan to the Governor and the Legislature.

(f) JOINT DEVELOPMENT OF FISCAL PLAN.—Notwithstanding any other provision of this section, if the Governor and the Oversight Board jointly develop a Fiscal Plan for the fiscal year that meets the requirements under this section, and that the Governor and the Oversight Board certify that the fiscal plan reflects a consensus between the Governor and the Oversight Board, then such Fiscal Plan shall serve as the Fiscal Plan for the territory or territorial instrumentality for that fiscal year.

**SEC. 202. APPROVAL OF BUDGETS.**

(a) REASONABLE SCHEDULE FOR DEVELOPMENT OF BUDGETS.—As soon as practicable after all of the members and the Chair have been appointed to the Oversight Board in the fiscal year in which the Oversight Board is established, and in each fiscal year thereafter during which the Oversight Board is in operation, the Oversight Board shall deliver a notice to the Governor and

the Legislature providing a schedule for developing, submitting, approving, and certifying Budgets for a period of fiscal years as determined by the Oversight Board in its sole discretion but in any case a period of not less than one fiscal year following the fiscal year in which the notice is delivered. The notice may also set forth a schedule for revisions to Budgets that have already been certified, which revisions must be subject to subsequent approval and certification by the Oversight Board. The Oversight Board shall consult with the Governor and the Legislature in establishing a schedule, but the Oversight Board shall retain sole discretion to set or, by delivery of a subsequent notice to the Governor and the Legislature, change the dates of such schedule as it deems appropriate and reasonably feasible.

(b) REVENUE FORECAST.—The Oversight Board shall submit to the Governor and Legislature a forecast of revenues for the period covered by the Budgets by the time specified in the notice delivered under subsection (a), for use by the Governor in developing the Budget under subsection (c).

(c) BUDGETS DEVELOPED BY GOVERNOR.—

(1) GOVERNOR'S PROPOSED BUDGETS.—The Governor shall submit to the Oversight Board proposed Budgets by the time specified in the notice delivered under subsection (a). In consultation with the Governor in accordance with the process specified in the notice delivered under subsection (a), the Oversight Board shall determine in its sole discretion whether each proposed Budget is compliant with the applicable Fiscal Plan and—

(A) if a proposed Budget is a compliant budget, the Oversight Board shall—

(i) approve the Budget; and

(ii) if the Budget is a Territory Budget, submit the Territory Budget to the Legislature; or

(B) if the Oversight Board determines that the Budget is not a compliant budget, the Oversight Board shall provide to the Governor—

(i) a notice of violation that includes a description of any necessary corrective action; and

(ii) an opportunity to correct the violation in accordance with paragraph (2).

(2) GOVERNOR'S REVISIONS.—The Governor may correct any violations identified by the Oversight Board and submit a revised proposed Budget to the Oversight Board in accordance with paragraph (1). The Governor may submit as many revised Budgets to the Oversight Board as the schedule established in the notice delivered under subsection (a) permits. If the Governor fails to develop a Budget that the Oversight Board determines is a compliant budget by the time specified in the notice delivered under subsection (a), the Oversight Board shall develop and submit to the Governor, in the case of an Instrumentality Budget, and to the Governor and the Legislature, in the case of a Territory Budget, a revised compliant budget.

(d) BUDGET APPROVAL BY LEGISLATURE.—

(1) LEGISLATURE ADOPTED BUDGET.—The Legislature shall submit to the Oversight Board the Territory Budget adopted by the Legislature by the time specified in the notice delivered under subsection (a). The Oversight Board shall determine whether the adopted Territory Budget is a compliant budget and—

(A) if the adopted Territory Budget is a compliant budget, the Oversight Board shall issue a compliance certification for such compliant budget pursuant to subsection (e); and

(B) if the adopted Territory Budget is not a compliant budget, the Oversight Board shall provide to the Legislature—

(i) a notice of violation that includes a description of any necessary corrective action; and

(ii) an opportunity to correct the violation in accordance with paragraph (2).

(2) LEGISLATURE'S REVISIONS.—The Legislature may correct any violations identified by the Oversight Board and submit a revised Territory Budget to the Oversight Board in accordance with the process established under paragraph

(1) and by the time specified in the notice delivered under subsection (a). The Legislature may submit as many revised adopted Territory Budgets to the Oversight Board as the schedule established in the notice delivered under subsection (a) permits. If the Legislature fails to adopt a Territory Budget that the Oversight Board determines is a compliant budget by the time specified in the notice delivered under subsection (a), the Oversight Board shall develop a revised Territory Budget that is a compliant budget and submit it to the Governor and the Legislature.

(e) CERTIFICATION OF BUDGETS.—

(1) CERTIFICATION OF DEVELOPED AND APPROVED TERRITORY BUDGETS.—If the Governor and the Legislature develop and approve a Territory Budget that is a compliant budget by the day before the first day of the fiscal year for which the Territory Budget is being developed and in accordance with the process established under subsections (c) and (d), the Oversight Board shall issue a compliance certification to the Governor and the Legislature for such Territory Budget.

(2) CERTIFICATION OF DEVELOPED INSTRUMENTALITY BUDGETS.—If the Governor develops an Instrumentality Budget that is a compliant budget by the day before the first day of the fiscal year for which the Instrumentality Budget is being developed and in accordance with the process established under subsection (c), the Oversight Board shall issue a compliance certification to the Governor for such Instrumentality Budget.

(3) DEEMED CERTIFICATION OF TERRITORY BUDGETS.—If the Governor and the Legislature fail to develop and approve a Territory Budget that is a compliant budget by the day before the first day of the fiscal year for which the Territory Budget is being developed, the Oversight Board shall submit a Budget to the Governor and the Legislature (including any revision to the Territory Budget made by the Oversight Board pursuant to subsection (d)(2)) and such Budget shall be—

(A) deemed to be approved by the Governor and the Legislature;

(B) the subject of a compliance certification issued by the Oversight Board to the Governor and the Legislature; and

(C) in full force and effect beginning on the first day of the applicable fiscal year.

(4) DEEMED CERTIFICATION OF INSTRUMENTALITY BUDGETS.—If the Governor fails to develop an Instrumentality Budget that is a compliant budget by the day before the first day of the fiscal year for which the Instrumentality Budget is being developed, the Oversight Board shall submit an Instrumentality Budget to the Governor (including any revision to the Instrumentality Budget made by the Oversight Board pursuant to subsection (c)(2)) and such Budget shall be—

(A) deemed to be approved by the Governor;

(B) the subject of a compliance certification issued by the Oversight Board to the Governor; and

(C) in full force and effect beginning on the first day of the applicable fiscal year.

(f) JOINT DEVELOPMENT OF BUDGETS.—Notwithstanding any other provision of this section, if, in the case of a Territory Budget, the Governor, the Legislature, and the Oversight Board, or in the case of an Instrumentality Budget, the Governor and the Oversight Board, jointly develop such Budget for the fiscal year that meets the requirements under this section, and that the relevant parties certify that such budget reflects a consensus among them, then such Budget shall serve as the Budget for the territory or territorial instrumentality for that fiscal year.

**SEC. 203. EFFECT OF FINDING OF NONCOMPLIANCE WITH BUDGET.**

(a) SUBMISSION OF REPORTS.—Not later than 15 days after the last day of each quarter of a fiscal year (beginning with the fiscal year determined by the Oversight Board), the Governor

shall submit to the Oversight Board a report, in such form as the Oversight Board may require, describing—

(1) the actual cash revenues, cash expenditures, and cash flows of the territorial government for the preceding quarter, as compared to the projected revenues, expenditures, and cash flows contained in the certified Budget for such preceding quarter; and

(2) any other information requested by the Oversight Board, which may include a balance sheet or a requirement that the Governor provide information for each covered territorial instrumentality separately.

(b) INITIAL ACTION BY OVERSIGHT BOARD.—

(1) IN GENERAL.—If the Oversight Board determines, based on reports submitted by the Governor under subsection (a), independent audits, or such other information as the Oversight Board may obtain, that the actual quarterly revenues, expenditures, or cash flows of the territorial government are not consistent with the projected revenues, expenditures, or cash flows set forth in the certified Budget for such quarter, the Oversight Board shall—

(A) require the territorial government to provide such additional information as the Oversight Board determines to be necessary to explain the inconsistency; and

(B) if the additional information provided under subparagraph (A) does not provide an explanation for the inconsistency that the Oversight Board finds reasonable and appropriate, advise the territorial government to correct the inconsistency by implementing remedial action.

(2) DEADLINES.—The Oversight Board shall establish the deadlines by which the territorial government shall meet the requirements of subparagraphs (A) and (B) of paragraph (1).

(c) CERTIFICATION.—

(1) INCONSISTENCY.—If the territorial government fails to provide additional information under subsection (b)(1)(A), or fails to correct an inconsistency under subsection (b)(1)(B), prior to the applicable deadline under subsection (b)(2), the Oversight Board shall certify to the President, the House of Representatives Committee on Natural Resources, the Senate Committee on Energy and Natural Resources, the Governor, and the Legislature that the territorial government is inconsistent with the applicable certified Budget, and shall describe the nature and amount of the inconsistency.

(2) CORRECTION.—If the Oversight Board determines that the territorial government has initiated such measures as the Oversight Board considers sufficient to correct an inconsistency certified under paragraph (1), the Oversight Board shall certify the correction to the President, the House of Representatives Committee on Natural Resources, the Senate Committee on Energy and Natural Resources, the Governor, and the Legislature.

(d) BUDGET REDUCTIONS BY OVERSIGHT BOARD.—If the Oversight Board determines that the Governor, in the case of any then-applicable certified Instrumentality Budgets, and the Governor and the Legislature, in the case of the then-applicable certified Territory Budget, have failed to correct an inconsistency identified by the Oversight Board under subsection (c), the Oversight Board shall—

(1) with respect to the territorial government, other than covered territorial instrumentalities, make appropriate reductions in nondebt expenditures to ensure that the actual quarterly revenues and expenditures for the territorial government are in compliance with the applicable certified Territory Budget or, in the case of the fiscal year in which the Oversight Board is established, the budget adopted by the Governor and the Legislature; and

(2) with respect to covered territorial instrumentalities at the sole discretion of the Oversight Board—

(A) make reductions in nondebt expenditures to ensure that the actual quarterly revenues and expenses for the covered territorial instru-

mentality are in compliance with the applicable certified Budget or, in the case of the fiscal year in which the Oversight Board is established, the budget adopted by the Governor and the Legislature or the covered territorial instrumentality, as applicable; or

(B)(i) institute automatic hiring freezes at the covered territorial instrumentality; and

(ii) prohibit the covered territorial instrumentality from entering into any contract or engaging in any financial or other transactions, unless the contract or transaction was previously approved by the Oversight Board.

(e) TERMINATION OF BUDGET REDUCTIONS.—The Oversight Board shall cancel the reductions, hiring freezes, or prohibition on contracts and financial transactions under subsection (d) if the Oversight Board determines that the territorial government or covered territorial instrumentality, as applicable, has initiated appropriate measures to reduce expenditures or increase revenues to ensure that the territorial government or covered territorial instrumentality is in compliance with the applicable certified Budget or, in the case of the fiscal year in which the Oversight Board is established, the budget adopted by the Governor and the Legislature.

#### SEC. 204. REVIEW OF ACTIVITIES TO ENSURE COMPLIANCE WITH FISCAL PLAN.

(a) SUBMISSION OF LEGISLATIVE ACTS TO OVERSIGHT BOARD.—

(1) SUBMISSION OF ACTS.—Except to the extent that the Oversight Board may provide otherwise in its bylaws, rules, and procedures, not later than 7 business days after a territorial government duly enacts any law during any fiscal year in which the Oversight Board is in operation, the Governor shall submit the law to the Oversight Board.

(2) COST ESTIMATE; CERTIFICATION OF COMPLIANCE OR NONCOMPLIANCE.—The Governor shall include with each law submitted to the Oversight Board under paragraph (1) the following:

(A) A formal estimate prepared by an appropriate entity of the territorial government with expertise in budgets and financial management of the impact, if any, that the law will have on expenditures and revenues.

(B) If the appropriate entity described in subparagraph (A) finds that the law is not significantly inconsistent with the Fiscal Plan for the fiscal year, it shall issue a certification of such finding.

(C) If the appropriate entity described in subparagraph (A) finds that the law is significantly inconsistent with the Fiscal Plan for the fiscal year, it shall issue a certification of such finding, together with the entity's reasons for such finding.

(3) NOTIFICATION.—The Oversight Board shall send a notification to the Governor and the Legislature if—

(A) the Governor submits a law to the Oversight Board under this subsection that is not accompanied by the estimate required under paragraph (2)(A);

(B) the Governor submits a law to the Oversight Board under this subsection that is not accompanied by either a certification described in paragraph (2)(B) or (2)(C); or

(C) the Governor submits a law to the Oversight Board under this subsection that is accompanied by a certification described in paragraph (2)(C) that the law is significantly inconsistent with the Fiscal Plan.

(4) OPPORTUNITY TO RESPOND TO NOTIFICATION.—

(A) FAILURE TO PROVIDE ESTIMATE OR CERTIFICATION.—After sending a notification to the Governor and the Legislature under paragraph (3)(A) or (3)(B) with respect to a law, the Oversight Board may direct the Governor to provide the missing estimate or certification (as the case may be), in accordance with such procedures as the Oversight Board may establish.

(B) SUBMISSION OF CERTIFICATION OF SIGNIFICANT INCONSISTENCY WITH FISCAL PLAN AND

BUDGET.—In accordance with such procedures as the Oversight Board may establish, after sending a notification to the Governor and Legislature under paragraph (3)(C) that a law is significantly inconsistent with the Fiscal Plan, the Oversight Board shall direct the territorial government to—

(i) correct the law to eliminate the inconsistency; or

(ii) provide an explanation for the inconsistency that the Oversight Board finds reasonable and appropriate.

(5) FAILURE TO COMPLY.—If the territorial government fails to comply with a direction given by the Oversight Board under paragraph (4) with respect to a law, the Oversight Board may take such actions as it considers necessary, consistent with this Act, to ensure that the enactment or enforcement of the law will not adversely affect the territorial government's compliance with the Fiscal Plan, including preventing the enforcement or application of the law.

(6) PRELIMINARY REVIEW OF PROPOSED ACTS.—At the request of the Legislature, the Oversight Board may conduct a preliminary review of proposed legislation before the Legislature to determine whether the legislation as proposed would be consistent with the applicable Fiscal Plan under this subtitle, except that any such preliminary review shall not be binding on the Oversight Board in reviewing any law subsequently submitted under this subsection.

(b) EFFECT OF APPROVED FISCAL PLAN ON CONTRACTS, RULES, AND REGULATIONS.—

(1) TRANSPARENCY IN CONTRACTING.—The Oversight Board shall work with a covered territory's office of the comptroller or any functionally equivalent entity to promote compliance with the applicable law of any covered territory that requires agencies and instrumentalities of the territorial government to maintain a registry of all contracts executed, including amendments thereto, and to remit a copy to the office of the comptroller for inclusion in a comprehensive database available to the public. With respect to Puerto Rico, the term "applicable law" refers to 2 L.P.R.A. 97, as amended.

(2) AUTHORITY TO REVIEW CERTAIN CONTRACTS.—The Oversight Board may establish policies to require prior Oversight Board approval of certain contracts, including leases and contracts to a governmental entity or government-owned corporations rather than private enterprises that are proposed to be executed by the territorial government, to ensure such proposed contracts promote market competition and are not inconsistent with the approved Fiscal Plan.

(3) SENSE OF CONGRESS.—It is the sense of Congress that any policies established by the Oversight Board pursuant to paragraph (2) should be designed to make the government contracting process more effective, to increase the public's faith in this process, to make appropriate use of the Oversight Board's time and resources, to make the territorial government a facilitator and not a competitor to private enterprise, and to avoid creating any additional bureaucratic obstacles to efficient contracting.

(4) AUTHORITY TO REVIEW CERTAIN RULES, REGULATIONS, AND EXECUTIVE ORDERS.—The provisions of this paragraph shall apply with respect to a rule, regulation, or executive order proposed to be issued by the Governor (or the head of any department or agency of the territorial government) in the same manner as such provisions apply to a contract.

(5) FAILURE TO COMPLY.—If a contract, rule, regulation, or executive order fails to comply with policies established by the Oversight Board under this subsection, the Oversight Board may take such actions as it considers necessary to ensure that such contract, rule, executive order or regulation will not adversely affect the territorial government's compliance with the Fiscal Plan, including by preventing the execution or enforcement of the contract, rule, executive order or regulation.

(c) **RESTRICTIONS ON BUDGETARY ADJUSTMENTS.**—

(1) **SUBMISSIONS OF REQUESTS TO OVERSIGHT BOARD.**—If the Governor submits a request to the Legislature for the reprogramming of any amounts provided in a certified Budget, the Governor shall submit such request to the Oversight Board, which shall analyze whether the proposed reprogramming is significantly inconsistent with the Budget, and submit its analysis to the Legislature as soon as practicable after receiving the request.

(2) **NO ACTION PERMITTED UNTIL ANALYSIS RECEIVED.**—The Legislature shall not adopt a reprogramming, and no officer or employee of the territorial government may carry out any reprogramming, until the Oversight Board has provided the Legislature with an analysis that certifies such reprogramming will not be inconsistent with the Fiscal Plan and Budget.

(3) **PROHIBITION ON ACTION UNTIL OVERSIGHT BOARD IS APPOINTED.**—During the period after a territory becomes a covered territory and prior to the appointment of all members and the Chair of the Oversight Board, such covered territory shall not enact new laws that either permit the transfer of any funds or assets outside the ordinary course of business or that are inconsistent with the constitution or laws of the territory as of the date of enactment of this Act, provided that any executive or legislative action authorizing the movement of funds or assets during this time period may be subject to review and reversal by the Oversight Board upon appointment of the Oversight Board's full membership.

(d) **IMPLEMENTATION OF FEDERAL PROGRAMS.**—In taking actions under this Act, the Oversight Board shall not exercise applicable authorities to impede territorial actions taken to—

(1) comply with a court-issued consent decree or injunction, or an administrative order or settlement with a Federal agency, with respect to Federal programs;

(2) implement a federally authorized or federally delegated program; or

(3) implement territorial laws, which are consistent with a certified Fiscal Plan, that execute Federal requirements and standards.

**SEC. 205. RECOMMENDATIONS ON FINANCIAL STABILITY AND MANAGEMENT RESPONSIBILITY.**

(a) **IN GENERAL.**—The Oversight Board may at any time submit recommendations to the Governor or the Legislature on actions the territorial government may take to ensure compliance with the Fiscal Plan, or to otherwise promote the financial stability, economic growth, management responsibility, and service delivery efficiency of the territorial government, including recommendations relating to—

(1) the management of the territorial government's financial affairs, including economic forecasting and multiyear fiscal forecasting capabilities, information technology, placing controls on expenditures for personnel, reducing benefit costs, reforming procurement practices, and placing other controls on expenditures;

(2) the structural relationship of departments, agencies, and independent agencies within the territorial government;

(3) the modification of existing revenue structures, or the establishment of additional revenue structures;

(4) the establishment of alternatives for meeting obligations to pay for the pensions of territorial government employees;

(5) modifications or transfers of the types of services that are the responsibility of, and are delivered by the territorial government;

(6) modifications of the types of services that are delivered by entities other than the territorial government under alternative service delivery mechanisms;

(7) the effects of the territory's laws and court orders on the operations of the territorial government;

(8) the establishment of a personnel system for employees of the territorial government that is based upon employee performance standards;

(9) the improvement of personnel training and proficiency, the adjustment of staffing levels, and the improvement of training and performance of management and supervisory personnel; and

(10) the privatization and commercialization of entities within the territorial government.

(b) **RESPONSE TO RECOMMENDATIONS BY THE TERRITORIAL GOVERNMENT.**—

(1) **IN GENERAL.**—In the case of any recommendations submitted under subsection (a) that are within the authority of the territorial government to adopt, not later than 90 days after receiving the recommendations, the Governor or the Legislature (whichever has the authority to adopt the recommendation) shall submit a statement to the Oversight Board that provides notice as to whether the territorial government will adopt the recommendations.

(2) **IMPLEMENTATION PLAN REQUIRED FOR ADOPTED RECOMMENDATIONS.**—If the Governor or the Legislature (whichever is applicable) notifies the Oversight Board under paragraph (1) that the territorial government will adopt any of the recommendations submitted under subsection (a), the Governor or the Legislature (whichever is applicable) shall include in the statement a written plan to implement the recommendation that includes—

(A) specific performance measures to determine the extent to which the territorial government has adopted the recommendation; and

(B) a clear and specific timetable pursuant to which the territorial government will implement the recommendation.

(3) **EXPLANATIONS REQUIRED FOR RECOMMENDATIONS NOT ADOPTED.**—If the Governor or the Legislature (whichever is applicable) notifies the Oversight Board under paragraph (1) that the territorial government will not adopt any recommendation submitted under subsection (a) that the territorial government has authority to adopt, the Governor or the Legislature shall include in the statement explanations for the rejection of the recommendations, and the Governor or the Legislature shall submit such statement of explanations to the President and Congress.

**SEC. 206. OVERSIGHT BOARD DUTIES RELATED TO RESTRUCTURING.**

(a) **REQUIREMENTS FOR RESTRUCTURING CERTIFICATION.**—The Oversight Board, prior to issuing a restructuring certification regarding an entity (as such term is defined in section 101 of title 11, United States Code), shall determine, in its sole discretion, that—

(1) the entity has made good-faith efforts to reach a consensual restructuring with creditors;

(2) the entity has—

(A) adopted procedures necessary to deliver timely audited financial statements; and

(B) made public draft financial statements and other information sufficient for any interested person to make an informed decision with respect to a possible restructuring;

(3) the entity is either a covered territory that has adopted a Fiscal Plan certified by the Oversight Board, a covered territorial instrumentality that is subject to a Territory Fiscal Plan certified by the Oversight Board, or a covered territorial instrumentality that has adopted an Instrumentality Fiscal Plan certified by the Oversight Board; and

(4)(A) no order approving a Qualifying Modification under section 601 has been entered with respect to such entity; or

(B) if an order approving a Qualifying Modification has been entered with respect to such entity, the entity is unable to make its debt payments notwithstanding the approved Qualifying Modification, in which case, all claims affected by the Qualifying Modification shall be subject to a title III case.

(b) **ISSUANCE OF RESTRUCTURING CERTIFICATION.**—The issuance of a restructuring certifi-

cation under this section requires a vote of no fewer than 5 members of the Oversight Board in the affirmative, which shall satisfy the requirement set forth in section 302(2) of this Act.

**SEC. 207. OVERSIGHT BOARD AUTHORITY RELATED TO DEBT ISSUANCE.**

For so long as the Oversight Board remains in operation, no territorial government may, without the prior approval of the Oversight Board, issue debt or guarantee, exchange, modify, repurchase, redeem, or enter into similar transactions with respect to its debt.

**SEC. 208. REQUIRED REPORTS.**

(a) **ANNUAL REPORT.**—Not later than 30 days after the last day of each fiscal year, the Oversight Board shall submit a report to the President, Congress, the Governor and the Legislature, describing—

(1) the progress made by the territorial government in meeting the objectives of this Act during the fiscal year;

(2) the assistance provided by the Oversight Board to the territorial government in meeting the purposes of this Act during the fiscal year;

(3) recommendations to the President and Congress on changes to this Act or other Federal laws, or other actions of the Federal Government, that would assist the territorial government in complying with any certified Fiscal Plan;

(4) the precise manner in which funds allocated to the Oversight Board under section 107 and, as applicable, section 104(e) have been spent by the Oversight Board during the fiscal year; and

(5) any other activities of the Oversight Board during the fiscal year.

(b) **REPORT ON DISCRETIONARY TAX ABATEMENT AGREEMENTS.**—Within six months of the establishment of the Oversight Board, the Governor shall submit a report to the Oversight Board documenting all existing discretionary tax abatement or similar tax relief agreements to which the territorial government, or any territorial instrumentality, is a party, provided that—

(1) nothing in this Act shall be interpreted to limit the power of the territorial government or any territorial instrumentality to execute or modify discretionary tax abatement or similar tax relief agreements, or to enforce compliance with the terms and conditions of any discretionary tax abatement or similar tax relief agreement, to which the territorial government or any territorial instrumentality is a party; and

(2) the members and staff of the Oversight Board shall not disclose the contents of the report described in this subsection, and shall otherwise comply with all applicable territorial and Federal laws and regulations regarding the handling of confidential taxpayer information.

(c) **QUARTERLY REPORTS OF CASH FLOW.**—The Oversight Board, when feasible, shall report on the amount of cash flow available for the payment of debt service on all notes, bonds, debentures, credit agreements, or other instruments for money borrowed whose enforcement is subject to a stay or moratorium hereunder, together with any variance from the amount set forth in the debt sustainability analysis of the Fiscal Plan under section 201(b)(1)(I).

**SEC. 209. TERMINATION OF OVERSIGHT BOARD.**

An Oversight Board shall terminate upon certification by the Oversight Board that—

(1) the applicable territorial government has adequate access to short-term and long-term credit markets at reasonable interest rates to meet the borrowing needs of the territorial government; and

(2) for at least 4 consecutive fiscal years—

(A) the territorial government has developed its Budgets in accordance with modified accrual accounting standards; and

(B) the expenditures made by the territorial government during each fiscal year did not exceed the revenues of the territorial government during that year, as determined in accordance with modified accrual accounting standards.

**SEC. 210. NO FULL FAITH AND CREDIT OF THE UNITED STATES.**

(a) **IN GENERAL.**—The full faith and credit of the United States is not pledged for the payment of any principal of or interest on any bond, note, or other obligation issued by a covered territory or covered territorial instrumentality. The United States is not responsible or liable for the payment of any principal of or interest on any bond, note, or other obligation issued by a covered territory or covered territorial instrumentality.

(b) **SUBJECT TO APPROPRIATIONS.**—Any claim to which the United States is determined to be liable under this Act shall be subject to appropriations.

(c) **FUNDING.**—No Federal funds shall be authorized by this Act for the payment of any liability of the territory or territorial instrumentality.

**SEC. 211. ANALYSIS OF PENSIONS.**

(a) **DETERMINATION.**—If the Oversight Board determines, in its sole discretion, that a pension system of the territorial government is materially underfunded, the Oversight Board shall conduct an analysis prepared by an independent actuary of such pension system to assist the Oversight Board in evaluating the fiscal and economic impact of the pension cash flows.

(b) **PROVISIONS OF ANALYSIS.**—An analysis conducted under subsection (a) shall include—

(1) an actuarial study of the pension liabilities and funding strategy that includes a forward looking projection of payments of at least 30 years of benefit payments and funding strategy to cover such payments;

(2) sources of funding to cover such payments;

(3) a review of the existing benefits and their sustainability; and

(4) a review of the system's legal structure and operational arrangements, and any other studies of the pension system the Oversight Board shall deem necessary.

(c) **SUPPLEMENTARY INFORMATION.**—In any case, the analysis conducted under subsection (a) shall include information regarding the fair market value and liabilities using an appropriate discount rate as determined by the Oversight Board.

**SEC. 212. INTERVENTION IN LITIGATION.**

(a) **INTERVENTION.**—The Oversight Board may intervene in any litigation filed against the territorial government.

(b) **INJUNCTIVE RELIEF.**—

(1) **IN GENERAL.**—If the Oversight Board intervenes in a litigation under subsection (a), the Oversight Board may seek injunctive relief, including a stay of litigation.

(2) **NO INDEPENDENT BASIS FOR RELIEF.**—This section does not create an independent basis on which injunctive relief, including a stay of litigation, may be granted.

**TITLE III—ADJUSTMENTS OF DEBTS****SEC. 301. APPLICABILITY OF OTHER LAWS; DEFINITIONS.**

(a) **SECTIONS APPLICABLE TO CASES UNDER THIS TITLE.**—Sections 101 (except as otherwise provided in this section), 102, 104, 105, 106, 107, 108, 112, 333, 344, 347(b), 349, 350(b), 351, 361, 362, 364(c), 364(d), 364(e), 364(f), 365, 366, 501, 502, 503, 504, 506, 507(a)(2), 509, 510, 524(a)(1), 524(a)(2), 544, 545, 546, 547, 548, 549(a), 549(c), 549(d), 550, 551, 552, 553, 555, 556, 557, 559, 560, 561, 562, 902 (except as otherwise provided in this section), 922, 923, 924, 925, 926, 927, 928, 942, 944, 945, 946, 1102, 1103, 1109, 1111(b), 1122, 1123(a)(1), 1123(a)(2), 1123(a)(3), 1123(a)(4), 1123(a)(5), 1123(b), 1123(d), 1124, 1125, 1126(a), 1126(b), 1126(c), 1126(e), 1126(f), 1126(g), 1127(d), 1128, 1129(a)(2), 1129(a)(3), 1129(a)(6), 1129(a)(8), 1129(a)(10), 1129(b)(1), 1129(b)(2)(A), 1129(b)(2)(B), 1142(b), 1143, 1144, 1145, and 1146(a) of title 11, United States Code, apply in a case under this title and section 930 of title 11, United States Code, applies in a case under this title; however, section 930 shall not apply in any case during the first 120 days after the date on which such case is commenced under this title.

(b) **MEANINGS OF TERMS.**—A term used in a section of title 11, United States Code, made applicable in a case under this title by subsection (a), has the meaning given to the term for the purpose of the applicable section, unless the term is otherwise defined in this title.

(c) **DEFINITIONS.**—In this title:

(1) **AFFILIATE.**—The term “affiliate” means, in addition to the definition made applicable in a case under this title by subsection (a)—

(A) for a territory, any territorial instrumentality; and

(B) for a territorial instrumentality, the governing territory and any of the other territorial instrumentalities of the territory.

(2) **DEBTOR.**—The term “debtor” means the territory or covered territorial instrumentality concerning which a case under this title has been commenced.

(3) **HOLDER OF A CLAIM OR INTEREST.**—The term “holder of a claim or interest”, when used in section 1126 of title 11, United States Code, made applicable in a case under this title by subsection (a)—

(A) shall exclude any Issuer or Authorized Instrumentality of the Territory Government Issuer (as defined under Title VI of this Act) or a corporation, trust or other legal entity that is controlled by the Issuer or an Authorized Territorial Instrumentality of the Territory Government Issuer, provided that the beneficiaries of such claims, to the extent they are not referenced in this subparagraph, shall not be excluded; and

(B) with reference to Insured Bonds, shall mean the monoline insurer insuring such Insured Bond to the extent such insurer is granted the right to vote Insured Bonds for purposes of directing remedies or consenting to proposed amendments or modifications as provided in the applicable documents pursuant to which such Insured Bond was issued and insured.

(4) **INSURED BOND.**—The term “Insured Bond” means a bond subject to a financial guarantee or similar insurance contract, policy and/or surety issued by a monoline insurer.

(5) **PROPERTY OF THE ESTATE.**—The term “property of the estate”, when used in a section of title 11, United States Code, made applicable in a case under this title by subsection (a), means property of the debtor.

(6) **STATE.**—The term “State” when used in a section of title 11, United States Code, made applicable in a case under this title by subsection (a) means State or territory when used in reference to the relationship of a State to the municipality of the State or the territorial instrumentality of a territory, as applicable.

(7) **TRUSTEE.**—The term “trustee”, when used in a section of title 11, United States Code, made applicable in a case under this title by subsection (a), means the Oversight Board, except as provided in section 926 of title 11, United States Code.

(d) **REFERENCE TO TITLE.**—Solely for purposes of this title, a reference to “this title”, “this chapter”, or words of similar import in a section of title 11, United States Code, made applicable in a case under this title by subsection (a) or to “this title”, “title 11”, “Chapter 9”, “the Code”, or words of similar import in the Federal Rules of Bankruptcy Procedure made applicable in a case under this title shall be deemed to be a reference to this title.

(e) **SUBSTANTIALLY SIMILAR.**—In determining whether claims are “substantially similar” for the purpose of section 1122 of title 11, United States Code, made applicable in a case under this title by subsection (a), the Oversight Board shall consider whether such claims are secured and whether such claims have priority over other claims.

(f) **OPERATIVE CLAUSES.**—A section made applicable in a case under this title by subsection (a) that is operative if the business of the debtor is authorized to be operated is operative in a case under this title.

**SEC. 302. WHO MAY BE A DEBTOR.**

An entity may be a debtor under this title if—

(1) the entity is—

(A) a territory that has requested the establishment of an Oversight Board or has had an Oversight Board established for it by the United States Congress in accordance with section 101 of this Act; or

(B) a covered territorial instrumentality of a territory described in paragraph (1)(A);

(2) the Oversight Board has issued a certification under section 206(b) of this Act for such entity; and

(3) the entity desires to effect a plan to adjust its debts.

**SEC. 303. RESERVATION OF TERRITORIAL POWER TO CONTROL TERRITORY AND TERRITORIAL INSTRUMENTALITIES.**

Subject to the limitations set forth in titles I and II of this Act, this title does not limit or impair the power of a covered territory to control, by legislation or otherwise, the territory or any territorial instrumentality thereof in the exercise of the political or governmental powers of the territory or territorial instrumentality, including expenditures for such exercise, whether or not a case has been or can be commenced under this title, but—

(1) a territory law prescribing a method of composition of indebtedness or a moratorium law, but solely to the extent that it prohibits the payment of principal or interest by an entity not described in section 109(b)(2) of title 11, United States Code, may not bind any creditor of a covered territory or any covered territorial instrumentality thereof that does not consent to the composition or moratorium;

(2) a judgment entered under a law described in paragraph (1) may not bind a creditor that does not consent to the composition; and

(3) unlawful executive orders that alter, amend, or modify rights of holders of any debt of the territory or territorial instrumentality, or that divert funds from one territorial instrumentality to another or to the territory, shall be preempted by this Act.

**SEC. 304. PETITION AND PROCEEDINGS RELATING TO PETITION.**

(a) **COMMENCEMENT OF CASE.**—A voluntary case under this title is commenced by the filing with the district court of a petition by the Oversight Board pursuant to the determination under section 206 of this Act.

(b) **OBJECTION TO PETITION.**—After any objection to the petition, the court, after notice and a hearing, may dismiss the petition if the petition does not meet the requirements of this title; however, this subsection shall not apply in any case during the first 120 days after the date on which such case is commenced under this title.

(c) **ORDER FOR RELIEF.**—The commencement of a case under this title constitutes an order for relief.

(d) **APPEAL.**—The court may not, on account of an appeal from an order for relief, delay any proceeding under this title in the case in which the appeal is being taken, nor shall any court order a stay of such proceeding pending such appeal.

(e) **VALIDITY OF DEBT.**—The reversal on appeal of a finding of jurisdiction shall not affect the validity of any debt incurred that is authorized by the court under section 364(c) or 364(d) of title 11, United States Code.

(f) **JOINT FILING OF PETITIONS AND PLANS PERMITTED.**—The Oversight Board, on behalf of debtors under this title, may file petitions or submit or modify plans of adjustment jointly if the debtors are affiliates; provided, however, that nothing in this title shall be construed as authorizing substantive consolidation of the cases of affiliated debtors.

(g) **JOINT ADMINISTRATION OF AFFILIATED CASES.**—If the Oversight Board, on behalf of a debtor and one or more affiliates, has filed separate cases and the Oversight Board, on behalf of the debtor or one of the affiliates, files a motion to administer the cases jointly, the court may order a joint administration of the cases.

(h) **PUBLIC SAFETY.**—This Act may not be construed to permit the discharge of obligations

arising under Federal police or regulatory laws, including laws relating to the environment, public health or safety, or territorial laws implementing such Federal legal provisions. This includes compliance obligations, requirements under consent decrees or judicial orders, and obligations to pay associated administrative, civil, or other penalties.

(i) **VOTING ON DEBT ADJUSTMENT PLANS NOT STAYED.**—Notwithstanding any provision in this title to the contrary, including sections of title 11, United States Code, incorporated by reference, nothing in this section shall prevent the holder of a claim from voting on or consenting to a proposed modification of such claim under title VI of this Act.

**SEC. 305. LIMITATION ON JURISDICTION AND POWERS OF COURT.**

Subject to the limitations set forth in titles I and II of this Act, notwithstanding any power of the court, unless the Oversight Board consents or the plan so provides, the court may not, by any stay, order, or decree, in the case or otherwise, interfere with—

(1) any of the political or governmental powers of the debtor;

(2) any of the property or revenues of the debtor; or

(3) the use or enjoyment by the debtor of any income-producing property.

**SEC. 306. JURISDICTION.**

(a) **FEDERAL SUBJECT MATTER JURISDICTION.**—The district courts shall have—

(1) except as provided in paragraph (2), original and exclusive jurisdiction of all cases under this title; and

(2) except as provided in subsection (b), and notwithstanding any Act of Congress that confers exclusive jurisdiction on a court or courts other than the district courts, original but not exclusive jurisdiction of all civil proceedings arising under this title, or arising in or related to cases under this title.

(b) **PROPERTY JURISDICTION.**—The district court in which a case under this title is commenced or is pending shall have exclusive jurisdiction of all property, wherever located, of the debtor as of the commencement of the case.

(c) **PERSONAL JURISDICTION.**—The district court in which a case under this title is pending shall have personal jurisdiction over any person or entity.

(d) **REMOVAL, REMAND, AND TRANSFER.**—

(1) **REMOVAL.**—A party may remove any claim or cause of action in a civil action, other than a proceeding before the United States Tax Court or a civil action by a governmental unit to enforce the police or regulatory power of the governmental unit, to the district court for the district in which the civil action is pending, if the district court has jurisdiction of the claim or cause of action under this section.

(2) **REMAND.**—The district court to which the claim or cause of action is removed under paragraph (1) may remand the claim or cause of action on any equitable ground. An order entered under this subsection remanding a claim or cause of action, or a decision not to remand, is not reviewable by appeal or otherwise by the court of appeals under section 158(d), 1291 or 1292 of title 28, United States Code, or by the Supreme Court of the United States under section 1254 of title 28, United States Code.

(3) **TRANSFER.**—A district court shall transfer any civil proceeding arising under this title, or arising in or related to a case under this title, to the district court in which the case under this title is pending.

(e) **APPEAL.**—

(1) An appeal shall be taken in the same manner as appeals in civil proceedings generally are taken to the courts of appeals from the district court.

(2) The court of appeals for the circuit in which a case under this title has venue pursuant to section 307 of this title shall have jurisdiction of appeals from all final decisions, judgments,

orders and decrees entered under this title by the district court.

(3) The court of appeals for the circuit in which a case under this title has venue pursuant to section 307 of this title shall have jurisdiction to hear appeals of interlocutory orders or decrees if—

(A) the district court on its own motion or on the request of a party to the order or decree certifies that—

(i) the order or decree involves a question of law as to which there is no controlling decision of the court of appeals for the circuit or of the Supreme Court of the United States, or involves a matter of public importance;

(ii) the order or decree involves a question of law requiring the resolution of conflicting decisions; or

(iii) an immediate appeal from the order or decree may materially advance the progress of the case or proceeding in which the appeal is taken; and

(B) the court of appeals authorizes the direct appeal of the order or decree.

(4) If the district court on its own motion or on the request of a party determines that a circumstance specified in clauses (i), (ii), or (iii) of paragraph (3)(A) exists, then the district court shall make the certification described in paragraph (3).

(5) The parties may supplement the certification with a short statement of the basis for the certification issued by the district court under paragraph (3)(A).

(6) Except as provided in section 304(d), an appeal of an interlocutory order or decree does not stay any proceeding of the district court from which the appeal is taken unless the district court, or the court of appeals in which the appeal is pending, issues a stay of such proceedings pending the appeal.

(7) Any request for a certification in respect to an interlocutory appeal of an order or decree shall be made not later than 60 days after the entry of the order or decree.

(f) **REALLOCATION OF COURT STAFF.**—Notwithstanding any law to the contrary, the clerk of the court in which a case is pending shall reallocate as many staff and assistants as the clerk deems necessary to ensure that the court has adequate resources to provide for proper case management.

**SEC. 307. VENUE.**

(a) **IN GENERAL.**—Venue shall be proper in—

(1) with respect to a territory, the district court for the territory or, for any territory that does not have a district court, the United States District Court for the District of Hawaii; and

(2) with respect to a covered territorial instrumentality, the district court for the territory in which the covered territorial instrumentality is located or, for any territory that does not have a district court, the United States District Court for the District of Hawaii.

(b) **ALTERNATIVE VENUE.**—If the Oversight Board so determines in its sole discretion, then venue shall be proper in the district court for the jurisdiction in which the Oversight Board maintains an office that is located outside the territory.

**SEC. 308. SELECTION OF PRESIDING JUDGE.**

(a) For cases in which the debtor is a territory, the Chief Justice of the United States shall designate a district court judge to sit by designation to conduct the case.

(b) For cases in which the debtor is not a territory, and no motion for joint administration of the debtor's case with the case of its affiliate territory has been filed or there is no case in which the affiliate territory is a debtor, the chief judge of the court of appeals for the circuit embracing the district in which the case is commenced shall designate a district court judge to conduct the case.

**SEC. 309. ABSTENTION.**

Nothing in this title prevents a district court in the interests of justice from abstaining from

hearing a particular proceeding arising in or related to a case under this title.

**SEC. 310. APPLICABLE RULES OF PROCEDURE.**

The Federal Rules of Bankruptcy Procedure shall apply to a case under this title and to all civil proceedings arising in or related to cases under this title.

**SEC. 311. LEASES.**

A lease to a territory or territorial instrumentality shall not be treated as an executory contract or unexpired lease for the purposes of section 365 or 502(b)(6) of title 11, United States Code, solely by reason of the lease being subject to termination in the event the debtor fails to appropriate rent.

**SEC. 312. FILING OF PLAN OF ADJUSTMENT.**

(a) **EXCLUSIVITY.**—Only the Oversight Board, after the issuance of a certificate pursuant to section 104(j) of this Act, may file a plan of adjustment of the debts of the debtor.

(b) **DEADLINE FOR FILING PLAN.**—If the Oversight Board does not file a plan of adjustment with the petition, the Oversight Board shall file a plan of adjustment at the time set by the court.

**SEC. 313. MODIFICATION OF PLAN.**

The Oversight Board, after the issuance of a certification pursuant to section 104(j) of this Act, may modify the plan at any time before confirmation, but may not modify the plan so that the plan as modified fails to meet the requirements of this title. After the Oversight Board files a modification, the plan as modified becomes the plan.

**SEC. 314. CONFIRMATION.**

(a) **OBJECTION.**—A special tax payer may object to confirmation of a plan.

(b) **CONFIRMATION.**—The court shall confirm the plan if—

(1) the plan complies with the provisions of title 11 of the United States Code, made applicable to a case under this title by section 301 of this Act;

(2) the plan complies with the provisions of this title;

(3) the debtor is not prohibited by law from taking any action necessary to carry out the plan;

(4) except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that on the effective date of the plan each holder of a claim of a kind specified in 507(a)(2) of title 11, United States Code, will receive on account of such claim cash equal to the allowed amount of such claim;

(5) any legislative, regulatory, or electoral approval necessary under applicable law in order to carry out any provision of the plan has been obtained, or such provision is expressly conditioned on such approval;

(6) the plan is feasible and in the best interests of creditors, which shall require the court to consider whether available remedies under the non-bankruptcy laws and constitution of the territory would result in a greater recovery for the creditors than is provided by such plan; and

(7) the plan is consistent with the applicable Fiscal Plan certified by the Oversight Board under title II.

(c) **CONFIRMATION FOR DEBTORS WITH A SINGLE CLASS OF IMPAIRED CREDITORS.**—If all of the requirements of section 314(b) of this title and section 1129(a) of title 11, United States Code, incorporated into this title by section 301 other than sections 1129(a)(8) and 1129(a)(10) are met with respect to a plan—

(1) with respect to which all claims are substantially similar under section 301(e) of this title;

(2) that includes only one class of impaired claims; and

(3) that was not accepted by such impaired class,

the court shall confirm the plan notwithstanding the requirements of such sections

1129(a)(8) and 1129(a)(10) of title 11, United States Code if the plan is fair and equitable with respect to such impaired class.

**SEC. 315. ROLE AND CAPACITY OF OVERSIGHT BOARD.**

(a) **ACTIONS OF OVERSIGHT BOARD.**—For the purposes of this title, the Oversight Board may take any action necessary on behalf of the debtor or to prosecute the case of the debtor, including—

(1) filing a petition under section 304 of this Act;

(2) submitting or modifying a plan of adjustment under sections 312 and 313; or

(3) otherwise generally submitting filings in relation to the case with the court.

(b) **REPRESENTATIVE OF DEBTOR.**—The Oversight Board in a case under this title is the representative of the debtor.

**SEC. 316. COMPENSATION OF PROFESSIONALS.**

(a) After notice to the parties in interest and the United States Trustee and a hearing, the court may award to a professional person employed by the debtor (in the debtor's sole discretion), the Oversight Board (in the Oversight Board's sole discretion), a committee under section 1103 of title 11, United States Code, or a trustee appointed by the court under section 926 of title 11, United States Code—

(1) reasonable compensation for actual, necessary services rendered by the professional person, or attorney and by any paraprofessional person employed by any such person; and

(2) reimbursement for actual, necessary expenses.

(b) The court may, on its own motion or on the motion of the United States Trustee or any other party in interest, award compensation that is less than the amount of compensation that is requested.

(c) In determining the amount of reasonable compensation to be awarded to a professional person, the court shall consider the nature, the extent, and the value of such services, taking into account all relevant factors, including—

(1) the time spent on such services;

(2) the rates charged for such services;

(3) whether the services were necessary to the administration of, or beneficial at the time at which the service was rendered toward the completion of, a case under this chapter;

(4) whether the services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of the problem, issue, or task addressed;

(5) with respect to a professional person, whether the person is board certified or otherwise has demonstrated skill and experience in the restructuring field; and

(6) whether the compensation is reasonable based on the customary compensation charged by comparably skilled practitioners in cases other than cases under this title or title 11, United States Code.

(d) The court shall not allow compensation for—

(1) unnecessary duplication of services; or

(2) services that were not—

(A) reasonably likely to benefit the debtor; or

(B) necessary to the administration of the case.

(e) The court shall reduce the amount of compensation awarded under this section by the amount of any interim compensation awarded under section 317 of this title, and, if the amount of such interim compensation exceeds the amount of compensation awarded under this section, may order the return of the excess to the debtor.

(f) Any compensation awarded for the preparation of a fee application shall be based on the level and skill reasonably required to prepare the application.

**SEC. 317. INTERIM COMPENSATION.**

A debtor's attorney, or any professional person employed by the debtor (in the debtor's sole discretion), the Oversight Board (in the Over-

sight Board's sole discretion), a committee under section 1103 of title 11, United States Code, or a trustee appointed by the court under section 926 of title 11, United States Code, may apply to the court not more than once every 120 days after an order for relief in a case under this title, or more often if the court permits, for such compensation for services rendered before the date of such an application or reimbursement for expenses incurred before such date as is provided under section 316 of this title.

**TITLE IV—MISCELLANEOUS PROVISIONS**

**SEC. 401. RULES OF CONSTRUCTION.**

Nothing in this Act is intended, or may be construed—

(1) to limit the authority of Congress to exercise legislative authority over the territories pursuant to Article IV, section 3 of the Constitution of the United States;

(2) to authorize the application of section 104(f) of this Act (relating to issuance of subpoenas) to judicial officers or employees of territory courts;

(3) to alter, amend, or abrogate any provision of the Covenant To Establish a Commonwealth of the Northern Mariana Islands in Political Union With the United States of America (48 U.S.C. 1801 et seq.); or

(4) to alter, amend, or abrogate the treaties of cession regarding certain islands of American Samoa (48 U.S.C. 1661).

**SEC. 402. RIGHT OF PUERTO RICO TO DETERMINE ITS FUTURE POLITICAL STATUS.**

Nothing in this Act shall be interpreted to restrict Puerto Rico's right to determine its future political status, including by conducting the plebiscite as authorized by Public Law 113-76.

**SEC. 403. FIRST MINIMUM WAGE IN PUERTO RICO.**

Section 6(g) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)) is amended by striking paragraphs (2) through (4) and inserting the following:

“(2) In lieu of the rate prescribed by subsection (a)(1), the Governor of Puerto Rico, subject to the approval of the Financial Oversight and Management Board established pursuant to section 101 of the Puerto Rico Oversight, Management, and Economic Stability Act, may designate a time period not to exceed four years during which employers in Puerto Rico may pay employees who are initially employed after the date of enactment of such Act a wage which is not less than the wage described in paragraph (1). Notwithstanding the time period designated, such wage shall not continue in effect after such Board terminates in accordance with section 209 of such Act.

“(3) No employer may take any action to displace employees (including partial displacements such as reduction in hours, wages, or employment benefits) for purposes of hiring individuals at the wage authorized in paragraph (1) or (2).

“(4) Any employer who violates this subsection shall be considered to have violated section 15(a)(3).

“(5) This subsection shall only apply to an employee who has not attained the age of 20 years, except in the case of the wage applicable in Puerto Rico, 25 years, until such time as the Board described in paragraph (2) terminates in accordance with section 209 of the Act described in such paragraph.”

**SEC. 404. APPLICATION OF REGULATION TO PUERTO RICO.**

(a) **SPECIAL RULE.**—The regulations proposed by the Secretary of Labor relating to exemptions regarding the rates of pay for executive, administrative, professional, outside sales, and computer employees, and published in a notice in the Federal Register on July 6, 2015, and any final regulations issued related to such notice, shall have no force or effect in the Commonwealth of Puerto Rico until—

(1) the Comptroller General of the United States completes the assessment and transmits the report required under subsection (b); and

(2) the Secretary of Labor, taking into account the assessment and report of the Comptroller General, provides a written determination to Congress that applying such rule to Puerto Rico would not have a negative impact on the economy of Puerto Rico.

(b) **ASSESSMENT AND REPORT.**—Not later than two years after the date of enactment of this Act, the Comptroller General shall examine the economic conditions in Puerto Rico and shall transmit a report to Congress assessing the impact of applying the regulations described in subsection (a) to Puerto Rico, taking into consideration regional, metropolitan, and non-metropolitan salary and cost-of-living differences.

(c) **SENSE OF CONGRESS.**—It is the sense of Congress that—

(1) the Bureau of the Census should conduct a study to determine the feasibility of expanding data collection to include Puerto Rico and the other United States territories in the Current Population Survey, which is jointly administered by the Bureau of the Census and the Bureau of Labor Statistics, and which is the primary source of labor force statistics for the population of the United States; and

(2) if necessary, the Bureau of the Census should request the funding required to conduct this feasibility study as part of its budget submission to Congress for fiscal year 2018.

**SEC. 405. AUTOMATIC STAY UPON ENACTMENT.**

(a) **DEFINITIONS.**—In this section:

(1) **LIABILITY.**—The term “Liability” means a bond, loan, letter of credit, other borrowing title, obligation of insurance, or other financial indebtedness for borrowed money, including rights, entitlements, or obligations whether such rights, entitlements, or obligations arise from contract, statute, or any other source of law related to such a bond, loan, letter of credit, other borrowing title, obligation of insurance, or other financial indebtedness in physical or dematerialized form, of which—

(A) the issuer, obligor, or guarantor is the Government of Puerto Rico; and

(B) the date of issuance or incurrence precedes the date of enactment of this Act.

(2) **LIABILITY CLAIM.**—The term “Liability Claim” means, as it relates to a Liability—

(A) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or

(B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

(b) **IN GENERAL.**—Except as provided in subsection (c) of this section, the establishment of an Oversight Board for Puerto Rico (i.e., the enactment of this Act) in accordance with section 101 operates with respect to a Liability as a stay, applicable to all entities (as such term is defined in section 101 of title 11, United States Code), of—

(1) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Government of Puerto Rico that was or could have been commenced before the enactment of this Act, or to recover a Liability Claim against the Government of Puerto Rico that arose before the enactment of this Act;

(2) the enforcement, against the Government of Puerto Rico or against property of the Government of Puerto Rico, of a judgment obtained before the enactment of this Act;

(3) any act to obtain possession of property of the Government of Puerto Rico or of property from the Government of Puerto Rico or to exercise control over property of the Government of Puerto Rico;

(4) any act to create, perfect, or enforce any lien against property of the Government of Puerto Rico;

(5) any act to create, perfect, or enforce against property of the Government of Puerto Rico any lien to the extent that such lien secures a Liability Claim that arose before the enactment of this Act;

(6) any act to collect, assess, or recover a Liability Claim against the Government of Puerto Rico that arose before the enactment of this Act; and

(7) the setoff of any debt owing to the Government of Puerto Rico that arose before the enactment of this Act against any Liability Claim against the Government of Puerto Rico.

(c) **STAY NOT OPERABLE.**—The establishment of an Oversight Board for Puerto Rico in accordance with section 101 does not operate as a stay—

(1) solely under subsection (b)(1) of this section, of the continuation of, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Government of Puerto Rico that was commenced on or before December 18, 2015; or

(2) of the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's or organization's police and regulatory power, including the enforcement of a judgment other than a money judgment, obtained in an action or proceeding by the governmental unit to enforce such governmental unit's or organization's police or regulatory power.

(d) **CONTINUATION OF STAY.**—Except as provided in subsections (e), (f), and (g) the stay under subsection (b) continues until the earlier of—

(1) the later of—

(A) the later of—

(i) February 15, 2017; or

(ii) six months after the establishment of an Oversight Board for Puerto Rico as established by section 101(b);

(B) the date that is 75 days after the date in subparagraph (A) if the Oversight Board delivers a certification to the Governor that, in the Oversight Board's sole discretion, an additional 75 days are needed to seek to complete a voluntary process under title VI of this Act with respect to the government of the Commonwealth of Puerto Rico or any of its territorial instrumentalities; or

(C) the date that is 60 days after the date in subparagraph (A) if the district court to which an application has been submitted under subparagraph 601(m)(1)(D) of this Act determines, in the exercise of the court's equitable powers, that an additional 60 days are needed to complete a voluntary process under title VI of this Act with respect to the government of the Commonwealth of Puerto Rico or any of its territorial instrumentalities; or

(2) with respect to the government of the Commonwealth of Puerto Rico or any of its territorial instrumentalities, the date on which a case is filed by or on behalf of the government of the Commonwealth of Puerto Rico or any of its territorial instrumentalities, as applicable, under title III.

(e) **JURISDICTION, RELIEF FROM STAY.**—

(1) The United States District Court for the District of Puerto Rico shall have original and exclusive jurisdiction of any civil actions arising under or related to this section.

(2) On motion or action filed by a party in interest and after notice and a hearing, the United States District Court for the District of Puerto Rico, for cause shown, shall grant relief from the stay provided under subsection (b) of this section.

(f) **TERMINATION OF STAY; HEARING.**—Forty-five days after a request under subsection (e)(2) for relief from the stay of any act against property of the Government of Puerto Rico under subsection (b), such stay is terminated with respect to the party in interest making such request, unless the court, after notice and a hearing, orders such stay continued in effect pending the conclusion of, or as a result of, a final

hearing and determination under subsection (e)(2). A hearing under this subsection may be a preliminary hearing, or may be consolidated with the final hearing under subsection (e)(2). The court shall order such stay continued in effect pending the conclusion of the final hearing under subsection (e)(2) if there is a reasonable likelihood that the party opposing relief from such stay will prevail at the conclusion of such final hearing. If the hearing under this subsection is a preliminary hearing, then such final hearing shall be concluded not later than thirty days after the conclusion of such preliminary hearing, unless the thirty-day period is extended with the consent of the parties in interest or for a specific time which the court finds is required by compelling circumstances.

(g) **RELIEF TO PREVENT IRREPARABLE DAMAGE.**—Upon request of a party in interest, the court, with or without a hearing, shall grant such relief from the stay provided under subsection (b) as is necessary to prevent irreparable damage to the interest of an entity in property, if such interest will suffer such damage before there is an opportunity for notice and a hearing under subsection (e) or (f).

(h) **ACT IN VIOLATION OF STAY IS VOID.**—Any order, judgment, or decree entered in violation of this section and any act taken in violation of this section is void, and shall have no force or effect, and any person found to violate this section may be liable for damages, costs, and attorneys' fees incurred in defending any action taken in violation of this section, and the Oversight Board or the Government of Puerto Rico may seek an order from the court enforcing the provisions of this section.

(i) **GOVERNMENT OF PUERTO RICO.**—For purposes of this section, the term "Government of Puerto Rico", in addition to the definition set forth in section 5(11) of this Act, shall include—

(1) the individuals, including elected and appointed officials, directors, officers of and employees acting in their official capacity on behalf of the Government of Puerto Rico; and

(2) the Oversight Board, including the directors and officers of and employees acting in their official capacity on behalf of the Oversight Board.

(j) **NO DEFAULT UNDER EXISTING CONTRACTS.**—

(1) Notwithstanding any contractual provision or applicable law to the contrary and so long as a stay under this section is in effect, the holder of a Liability Claim or any other claim (as such term is defined in section 101 of title 11, United States Code) may not exercise or continue to exercise any remedy under a contract or applicable law in respect to the Government of Puerto Rico or any of its property—

(A) that is conditioned upon the financial condition of, or the commencement of a restructuring, insolvency, bankruptcy, or other proceeding (or a similar or analogous process) by, the Government of Puerto Rico, including a default or an event of default thereunder; or

(B) with respect to Liability Claims—

(i) for the non-payment of principal or interest; or

(ii) for the breach of any condition or covenant.

(2) The term "remedy" as used in paragraph (1) shall be interpreted broadly, and shall include any right existing in law or contract, including any right to—

(A) setoff;

(B) apply or appropriate funds;

(C) seek the appointment of a custodian (as such term is defined in section 101(11) of title 11, United States Code);

(D) seek to raise rates; or

(E) exercise control over property of the Government of Puerto Rico.

(3) Notwithstanding any contractual provision or applicable law to the contrary and so long as a stay under this section is in effect, a contract to which the Government of Puerto Rico is a party may not be terminated or modi-

fied, and any right or obligation under such contract may not be terminated or modified, solely because of a provision in such contract is conditioned on—

(A) the insolvency or financial condition of the Government of Puerto Rico at any time prior to the enactment of this Act;

(B) the adoption of a resolution or establishment of an Oversight Board pursuant to section 101 of this Act; or

(C) a default under a separate contract that is due to, triggered by, or a result of the occurrence of the events or matters in paragraph (1)(B).

(4) Notwithstanding any contractual provision to the contrary and so long as a stay under this section is in effect, a counterparty to a contract with the Government of Puerto Rico for the provision of goods and services shall, unless the Government of Puerto Rico agrees to the contrary in writing, continue to perform all obligations under, and comply with the terms of, such contract, provided that the Government of Puerto Rico is not in default under such contract other than as a result of a condition specified in paragraph (3).

(k) **EFFECT.**—This section does not discharge an obligation of the Government of Puerto Rico or release, invalidate, or impair any security interest or lien securing such obligation. This section does not impair or affect the implementation of any restructuring support agreement executed by the Government of Puerto Rico to be implemented pursuant to Puerto Rico law specifically enacted for that purpose prior to the enactment of this Act or the obligation of the Government of Puerto Rico to proceed in good faith as set forth in any such agreement.

(l) **PAYMENTS ON LIABILITIES.**—Nothing in this section shall be construed to prohibit the Government of Puerto Rico from making any payment on any Liability when such payment becomes due during the term of the stay, and to the extent the Oversight Board, in its sole discretion, determines it is feasible, the Government of Puerto Rico shall make interest payments on outstanding indebtedness when such payments become due during the length of the stay.

(m) **FINDINGS.**—Congress finds the following:

(1) A combination of severe economic decline, and, at times, accumulated operating deficits, lack of financial transparency, management inefficiencies, and excessive borrowing has created a fiscal emergency in Puerto Rico.

(2) As a result of its fiscal emergency, the Government of Puerto Rico has been unable to provide its citizens with effective services.

(3) The current fiscal emergency has also affected the long-term economic stability of Puerto Rico by contributing to the accelerated out-migration of residents and businesses.

(4) A comprehensive approach to fiscal, management, and structural problems and adjustments that exempts no part of the Government of Puerto Rico is necessary, involving independent oversight and a Federal statutory authority for the Government of Puerto Rico to restructure debts in a fair and orderly process.

(5) Additionally, an immediate—but temporary—stay is essential to stabilize the region for the purposes of resolving this territorial crisis.

(A) The stay advances the best interests common to all stakeholders, including but not limited to a functioning independent Oversight Board created pursuant to this Act to determine whether to appear or intervene on behalf of the Government of Puerto Rico in any litigation that may have been commenced prior to the effectiveness or upon expiration of the stay.

(B) The stay is limited in nature and narrowly tailored to achieve the purposes of this Act, including to ensure all creditors have a fair opportunity to consensually renegotiate terms of repayment based on accurate financial information that is reviewed by an independent authority or, at a minimum, receive a recovery from the Government of Puerto Rico equal to their best

possible outcome absent the provisions of this Act.

(6) Finally, the ability of the Government of Puerto Rico to obtain funds from capital markets in the future will be severely diminished without congressional action to restore its financial accountability and stability.

(n) **PURPOSES.**—The purposes of this section are to—

(1) provide the Government of Puerto Rico with the resources and the tools it needs to address an immediate existing and imminent crisis;

(2) allow the Government of Puerto Rico a limited period of time during which it can focus its resources on negotiating a voluntary resolution with its creditors instead of defending numerous, costly creditor lawsuits;

(3) provide an oversight mechanism to assist the Government of Puerto Rico in reforming its fiscal governance and support the implementation of potential debt restructuring;

(4) make available a Federal restructuring authority, if necessary, to allow for an orderly adjustment of all of the Government of Puerto Rico's liabilities; and

(5) benefit the lives of 3.5 million American citizens living in Puerto Rico by encouraging the Government of Puerto Rico to resolve its longstanding fiscal governance issues and return to economic growth.

(o) **VOTING ON VOLUNTARY AGREEMENTS NOT STAYED.**—Notwithstanding any provision in this section to the contrary, nothing in this section shall prevent the holder of a Liability Claim from voting on or consenting to a proposed modification of such Liability Claim under title VI of this Act.

**SEC. 406. PURCHASES BY TERRITORY GOVERNMENTS.**

The text of section 302 of the Omnibus Insular Areas Act of 1992 (48 U.S.C. 1469e), is amended to read as follows: “The Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the United States Virgin Islands are authorized to make purchases through the General Services Administration.”.

**SEC. 407. PROTECTION FROM INTER-DEBTOR TRANSFERS.**

(a) **PROTECTION OF CREDITORS.**—While an Oversight Board for Puerto Rico is in existence, if any property of any territorial instrumentality of Puerto Rico is transferred in violation of applicable law under which any creditor has a valid pledge of, security interest in, or lien on such property, or which deprives any such territorial instrumentality of property in violation of applicable law assuring the transfer of such property to such territorial instrumentality for the benefit of its creditors, then the transferee shall be liable for the value of such property.

(b) **ENFORCEABILITY.**—A creditor may enforce rights under this section by bringing an action in the United States District Court for the District of Puerto Rico after the expiration or lifting of the stay of section 405, unless a stay under title III is in effect.

**SEC. 408. GAO REPORT ON SMALL BUSINESS ADMINISTRATION PROGRAMS IN PUERTO RICO.**

Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following new subsection:

“(i) **GAO REPORT ON SMALL BUSINESS ADMINISTRATION PROGRAMS IN PUERTO RICO.**—Not later than 180 days after the date of enactment of this subsection, the Comptroller General of the United States shall submit to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate a report on the application and utilization of contracting activities of the Administration (including contracting activities relating to HUBZone small business concerns) in Puerto Rico. The report shall also identify any provisions of Federal law that may create an obstacle to the efficient implementation of such contracting activities.”.

**SEC. 409. CONGRESSIONAL TASK FORCE ON ECONOMIC GROWTH IN PUERTO RICO.**

(a) **ESTABLISHMENT.**—There is established within the legislative branch a Congressional Task Force on Economic Growth in Puerto Rico (hereinafter referred to as the “Task Force”).

(b) **MEMBERSHIP.**—The Task Force shall be composed of eight members as follows:

(1) One member of the House of Representatives, who shall be appointed by the Speaker of the House of Representatives, in coordination with the Chairman of the Committee on Natural Resources of the House of Representatives.

(2) One member of the House of Representatives, who shall be appointed by the Speaker of the House of Representatives, in coordination with the Chairman of the Committee on Ways and Means of the House of Representatives.

(3) One member of the House of Representatives, who shall be appointed by the Minority Leader of the House of Representatives, in coordination with the ranking minority member of the Committee on Natural Resources of the House of Representatives.

(4) One member of the House of Representatives, who shall be appointed by the Minority Leader of the House of Representatives, in coordination with the ranking minority member of the Committee on Ways and Means of the House of Representatives.

(5) One member of the Senate, who shall be appointed by the Majority Leader of the Senate, in coordination with the Chairman of the Committee on Energy and Natural Resources of the Senate.

(6) One member of the Senate, who shall be appointed by the Majority Leader of the Senate, in coordination with the Chairman of the Committee on Finance of the Senate.

(7) One member of the Senate, who shall be appointed by the Minority Leader of the Senate, in coordination with the ranking minority member of the Committee on Energy and Natural Resources of the Senate.

(8) One member of the Senate, who shall be appointed by the Minority Leader of the Senate, in coordination with the ranking minority member of the Committee on Finance of the Senate.

(c) **DEADLINE FOR APPOINTMENT.**—All appointments to the Task Force shall be made not later than 15 days after the date of enactment of this Act.

(d) **CHAIR.**—The Speaker shall designate one Member to serve as chair of the Task Force.

(e) **VACANCIES.**—Any vacancy in the Task Force shall be filled in the same manner as the original appointment.

(f) **STATUS UPDATE.**—Between September 1, 2016, and September 15, 2016, the Task Force shall provide a status update to the House and Senate that includes—

(1) information the Task Force has collected; and

(2) a discussion on matters the chairman of the Task Force deems urgent for consideration by Congress.

(g) **REPORT.**—Not later than December 31, 2016, the Task Force shall issue a report of its findings to the House and Senate regarding—

(1) impediments in current Federal law and programs to economic growth in Puerto Rico including equitable access to Federal health care programs;

(2) recommended changes to Federal law and programs that, if adopted, would serve to spur sustainable long-term economic growth, job creation and attract investment in Puerto Rico;

(3) the economic effect of Administrative Order No. 346 of the Department of Health of the Commonwealth of Puerto Rico (relating to natural products, natural supplements, and dietary supplements) or any successor or substantially similar order, rule, or guidance of the Commonwealth of Puerto Rico; and

(4) additional information the Task Force deems appropriate.

(h) **CONSENSUS VIEWS.**—To the greatest extent practicable, the report issued under subsection

(f) shall reflect the shared views of all eight Members, except that the report may contain dissenting views.

(i) **HEARINGS AND SESSIONS.**—The Task Force may, for the purpose of carrying out this section, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Task Force considers appropriate. If the Task Force holds hearings, at least one such hearing must be held in Puerto Rico.

(j) **STAKEHOLDER PARTICIPATION.**—In carrying out its duties, the Task Force shall consult with the Puerto Rico Legislative Assembly, the Puerto Rico Department of Economic Development and Commerce, and the private sector of Puerto Rico.

(k) **RESOURCES.**—The Task Force shall carry out its duties by utilizing existing facilities, services, and staff of the House of Representatives and Senate, except that no additional funds are authorized to be appropriated to carry out this section.

(l) **TERMINATION.**—The Task Force shall terminate upon issuing the report required under subsection (f).

**SEC. 410. REPORT.**

The Comptroller General shall submit a report to the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate describing—

(1) the conditions which led to the level of debt per capita and based upon overall economic activity;

(2) how actions of the territorial government improved or impaired the territory's financial conditions; and

(3) recommendations on non-fiscal actions, nor policies that would imperil America's homeland and national security, that could be taken by Congress or the Administration to avert future indebtedness of territories, States or local units of government while respecting sovereignty and constitutional parameters.

**TITLE V—PUERTO RICO INFRASTRUCTURE REVITALIZATION**

**SEC. 501. DEFINITIONS.**

In this title:

(1) **ACT 76.**—The term “Act 76” means Puerto Rico Act 76–2000 (3 L.P.R.A. 1931 et seq.), approved on May 5, 2000, as amended.

(2) **CRITICAL PROJECT.**—The term “Critical Project” means a project identified under the provisions of this title and intimately related to addressing an emergency whose approval, consideration, permitting, and implementation shall be expedited and streamlined according to the statutory process provided by Act 76, or otherwise adopted pursuant to this title.

(3) **ENERGY COMMISSION OF PUERTO RICO.**—The term “Energy Commission of Puerto Rico” means the Puerto Rico Energy Commission as established by Subtitle B of Puerto Rico Act 57–2014.

(4) **ENERGY PROJECTS.**—The term “Energy Projects” means those projects addressing the generation, distribution, or transmission of energy.

(5) **EMERGENCY.**—The term “emergency” means any event or grave problem of deterioration in the physical infrastructure for the rendering of essential services to the people, or that endangers the life, public health, or safety of the population or of a sensitive ecosystem, or as otherwise defined by section 1 of Act 76 (3 L.P.R.A. 1931). This shall include problems in the physical infrastructure for energy, water, sewer, solid waste, highways or roads, ports, telecommunications, and other similar infrastructure.

(6) **ENVIRONMENTAL QUALITY BOARD.**—The term “Environmental Quality Board” means the Puerto Rico Environmental Quality Board, a board within the executive branch of the Government of Puerto Rico as established by section 7 of Puerto Rico Act 416–2004 (12 L.P.R.A. 8002a).



(7) **EXPEDITED PERMITTING PROCESS.**—The term “Expedited Permitting Process” means a Puerto Rico Agency’s alternate procedures, conditions, and terms mirroring those established under Act 76 (3 L.P.R.A. 1932) and pursuant to this title shall not apply to any Federal law, statute, or requirement.

(8) **GOVERNOR.**—The term “Governor” means the Governor of Puerto Rico.

(9) **INTERAGENCY ENVIRONMENTAL SUBCOMMITTEE.**—The term “Interagency Environmental Subcommittee” means the Interagency Subcommittee on Expedited Environmental Regulations as further described by section 504.

(10) **LEGISLATURE.**—The term “Legislature” means the Legislature of Puerto Rico.

(11) **PLANNING BOARD.**—The term “Planning Board” means the Puerto Rico Planning Board, a board within the executive branch of the Government of Puerto Rico established by Puerto Rico Act 75-1975 (23 L.P.R.A. 62 et seq.).

(12) **PROJECT SPONSOR.**—The term “Project Sponsor” means a Puerto Rico Agency or private party proposing the development of an existing, ongoing, or new infrastructure project or Energy Project.

(13) **PUERTO RICO AGENCY OR AGENCIES.**—The terms “Puerto Rico Agency” or “Puerto Rico Agencies” means any board, body, board of examiners, public corporation, commission, independent office, division, administration, bureau, department, authority, official, person, entity, municipality, or any instrumentality of Puerto Rico, or an administrative body authorized by law to perform duties of regulating, investigating, or that may issue a decision, or with the power to issue licenses, certificates, permits, concessions, accreditations, privileges, franchises, except the Senate and the House of Representatives of the Legislature and the judicial branch.

(14) **PUERTO RICO ELECTRIC POWER AUTHORITY.**—The term “Puerto Rico Electric Power Authority” means the Puerto Rico Electric Power Authority established by Puerto Rico Act 83-1941.

#### **SEC. 502. POSITION OF REVITALIZATION COORDINATOR.**

(a) **ESTABLISHMENT.**—There is established, under the Oversight Board, the position of the Revitalization Coordinator.

(b) **APPOINTMENT.**—

(1) **IN GENERAL.**—The Revitalization Coordinator shall be appointed by the Governor as follows:

(A) Prior to the appointment of the Revitalization Coordinator and within 60 days of the appointment of the full membership of the Oversight Board, the Oversight Board shall submit to the Governor no less than three nominees for appointment.

(B) In consultation with the Oversight Board, not later than 10 days after receiving the nominations under subparagraph (A), the Governor shall appoint one of the nominees as the Revitalization Coordinator. Such appointment shall be effective immediately.

(C) If the Governor fails to select a Revitalization Coordinator, the Oversight Board shall, by majority vote, appoint a Revitalization Coordinator from the list of nominees provided under paragraph (A).

(2) **QUALIFICATIONS.**—In selecting nominees under paragraph (1)(A), the Oversight Board shall only nominate persons who—

(A) have substantial knowledge and expertise in the planning, predevelopment, financing, development, operations, engineering, or market participation of infrastructure projects, provided that stronger consideration may be given to candidates who have experience with Energy Projects and the laws and regulations of Puerto Rico that may be subject to an Expedited Permitting Process;

(B) does not currently provide, or in the preceding 3 calendar years provided, goods or services to the government of Puerto Rico (and, as applicable, is not the spouse, parent, child, or

sibling of a person who provides or has provided goods and services to the government of Puerto Rico in the preceding 3 calendar years); and

(C) shall not be an officer, employee of, or former officer or employee of the government of Puerto Rico in the preceding 3 calendar years.

(3) **COMPENSATION.**—The Revitalization Coordinator shall be compensated at an annual rate determined by the Oversight Board sufficient in the judgment of the Oversight Board to obtain the services of a person with the skills and experience required to discharge the duties of the position, but such compensation shall not exceed the annual salary of the Executive Director.

(c) **ASSIGNMENT OF PERSONNEL.**—The Executive Director of the Oversight Board may assign Oversight Board personnel to assist the Revitalization Coordinator.

(d) **REMOVAL.**—

(1) **IN GENERAL.**—The Revitalization Coordinator may be removed for any reason, in the Oversight Board’s discretion.

(2) **TERMINATION OF POSITION.**—Upon the termination of the Oversight Board pursuant to section 209 of this Act, the position of the Revitalization Coordinator shall terminate.

#### **SEC. 503. CRITICAL PROJECTS.**

(a) **IDENTIFICATION OF PROJECTS.**—

(1) **PROJECT SUBMISSION.**—Any Project Sponsor may submit, so long as the Oversight Board is in operation, any existing, ongoing, or proposed project to the Revitalization Coordinator. The Revitalization Coordinator shall require such submission to include—

(A) the impact the project will have on an emergency;

(B) the availability of immediate private capital or other funds, including loan guarantees, loans, or grants to implement, operate, or maintain the project;

(C) the cost of the project and amount of Puerto Rico government funds, if any, necessary to complete and maintain the project;

(D) the environmental and economic benefits provided by the project, including the number of jobs to be created that will be held by residents of Puerto Rico and the expected economic impact, including the impact on ratepayers, if applicable;

(E) the status of the project if it is existing or ongoing; and

(F) in addition to the requirements found in subparagraphs (A) through (E), the Revitalization Coordinator may require such submission to include any or all of the following criteria that assess how the project will—

(i) reduce reliance on oil for electric generation in Puerto Rico;

(ii) improve performance of energy infrastructure and overall energy efficiency;

(iii) expedite the diversification and conversion of fuel sources for electric generation from oil to natural gas and renewables in Puerto Rico as defined under applicable Puerto Rico laws;

(iv) promote the development and utilization of energy sources found on Puerto Rico;

(v) contribute to transitioning to privatized generation capacities in Puerto Rico;

(vi) support the Energy Commission of Puerto Rico in achievement of its goal of reducing energy costs and ensuring affordable energy rates for consumers and business; or

(vii) achieve in whole or in part the recommendations, if feasible, of the study in section 505(d) of this title to the extent such study is completed and not inconsistent with studies or plans otherwise required under Puerto Rico laws.

(2) **IDENTIFICATION OF RELEVANT PUERTO RICO AGENCIES.**—Within 20 days of receiving a project submission under paragraph (1), the Revitalization Coordinator shall, in consultation with the Governor, identify all Puerto Rico Agencies that will have a role in the permitting, approval, authorizing, or other activity related to the development of such project submission.

(3) **EXPEDITED PERMITTING PROCESS.**—

(A) **SUBMISSION OF EXPEDITED PERMITTING PROCESS.**—Not later than 20 days after receiving a project submission, each Puerto Rico Agency identified in paragraph (1) shall submit to the Revitalization Coordinator the Agency’s Expedited Permitting Process.

(B) **FAILURE TO PROVIDE EXPEDITED PERMITTING PROCESS.**—If a Puerto Rico Agency fails to provide an Expedited Permitting Process within 20 days of receiving a project submission, the Revitalization Coordinator shall consult with the Governor to develop within 20 days an Expedited Permitting Process for the Agency.

(C) **IMPLEMENTATION AND PRIORITIZATION.**—The Revitalization Coordinator shall require Puerto Rico Agencies to implement the Expedited Permitting Process for Critical Projects. Critical Projects shall be prioritized to the maximum extent possible in each Puerto Rico Agency regardless of any agreements transferring or delegating permitting authority to any other Territorial Instrumentality or municipality.

(b) **CRITICAL PROJECT REPORT.**—

(1) **IN GENERAL.**—For each submitted project, the Revitalization Coordinator in consultation with the Governor and relevant Puerto Rico Agencies identified in subsection (a)(2) shall develop a Critical Project Report within 60 days of the project submission, which shall include:

(A) An assessment of how well the project meets the criteria in subsection (a)(1).

(B) A recommendation by the Governor whether the project should be considered a Critical Project. If the Governor fails to provide a recommendation during the development of the Critical Project Report, the failure shall constitute a concurrence with the Revitalization Coordinator’s recommendation in subparagraph (E).

(C) In the case of a project that may affect the implementation of Land-Use Plans, as defined by Puerto Rico Act 550-2004, a determination by the Planning Board will be required within the 60-day timeframe. If the Planning Board determines such project will be inconsistent with relevant Land-Use Plans, then the project will be deemed ineligible for Critical Project designation.

(D) In the case of an Energy Project that will connect with the Puerto Rico Electric Power Authority’s transmission or distribution facilities, a recommendation by the Energy Commission of Puerto Rico, if the Energy Commission determines such Energy Project will affect an approved Integrated Resource Plan, as defined under Puerto Rico Act 54-2014. If the Energy Commission determines the Energy Project will adversely affect an approved Integrated Resource Plan, then the Energy Commission shall provide the reasons for such determination and the Energy Project shall be ineligible for Critical Project designation, provided that such determination must be made during the 60-day timeframe for the development of the Critical Project Report.

(E) A recommendation by the Revitalization Coordinator whether the project should be considered a Critical Project.

(2) **PUBLIC INVOLVEMENT.**—Immediately following the completion of the Critical Project Report, the Revitalization Coordinator shall make such Critical Project Report public and allow a period of 30 days for the submission of comments by residents of Puerto Rico specifically on matters relating to the designation of a project as a Critical Project. The Revitalization Coordinator shall respond to the comments within 30 days of closing the coming period and make the responses publicly available.

(3) **SUBMISSION TO OVERSIGHT BOARD.**—Not later than 5 days after the Revitalization Coordinator has responded to the comments under paragraph (2), the Revitalization Coordinator shall submit the Critical Project Report to the Oversight Board.

(c) **ACTION BY THE OVERSIGHT BOARD.**—Not later than 30 days after receiving the Critical

Project Report, the Oversight Board, by majority vote, shall approve or disapprove the project as a Critical Project, if the Oversight Board—

(1) approves the project, the project shall be deemed a Critical Project; and

(2) disapproves the project, the Oversight Board shall submit to the Revitalization Coordinator in writing the reasons for disapproval.

#### SEC. 504. MISCELLANEOUS PROVISIONS.

(a) CREATION OF INTERAGENCY ENVIRONMENTAL SUBCOMMITTEE.—

(1) ESTABLISHMENT.—Not later than 60 days after the date on which the Revitalization Coordinator is appointed, the Interagency Environmental Subcommittee shall be established and shall evaluate environmental documents required under Puerto Rico law for any Critical Project within the Expedited Permitting Process established by the Revitalization Coordinator under section 503(a)(3).

(2) COMPOSITION.—The Interagency Environmental Subcommittee shall consist of the Revitalization Coordinator, and a representative selected by the Governor in consultation with the Revitalization Coordinator representing each of the following agencies: The Environmental Quality Board, the Planning Board, the Puerto Rico Department of Natural and Environmental Resources, and any other Puerto Rico Agency determined to be relevant by the Revitalization Coordinator.

(b) LENGTH OF EXPEDITED PERMITTING PROCESS.—With respect to a Puerto Rico Agency's activities related only to a Critical Project, such Puerto Rico Agency shall operate as if the Governor has declared an emergency pursuant to section 2 of Act 76 (3 L.P.R.A. 1932). Section 12 of Act 76 (3 L.P.R.A. 1942) shall not be applicable to Critical Projects. Furthermore, any transactions, processes, projects, works, or programs essential to the completion of a Critical Project shall continue to be processed and completed under such Expedited Permitting Process regardless of the termination of the Oversight Board under section 209.

(c) EXPEDITED PERMITTING PROCESS COMPLIANCE.—

(1) WRITTEN NOTICE.—A Critical Project Sponsor may in writing notify the Oversight Board of the failure of a Puerto Rico Agency or the Revitalization Coordinator to adhere to the Expedited Permitting Process.

(2) FINDING OF FAILURE.—If the Oversight Board finds either the Puerto Rico Agency or Revitalization Coordinator has failed to adhere to the Expedited Permitting Process, the Oversight Board shall direct the offending party to comply with the Expedited Permitting Process. The Oversight Board may take such enforcement action as necessary as provided by section 104(i).

(d) REVIEW OF LEGISLATURE ACTS.—

(1) SUBMISSION OF ACTS TO OVERSIGHT BOARD.—Pursuant to section 204(a), the Governor shall submit to the Oversight Board any law duly enacted during any fiscal year in which the Oversight Board is in operation that may affect the Expedited Permitting Process.

(2) FINDING OF OVERSIGHT BOARD.—Upon receipt of a law under paragraph (1), the Oversight Board shall promptly review whether the law would adversely impact the Expedited Permitting Process and, upon such a finding, the Oversight Board may deem such law to be significantly inconsistent with the applicable Fiscal Plan.

(e) ESTABLISHMENT OF CERTAIN TERMS AND CONDITIONS.—No Puerto Rico Agency may include in any certificate, right-of-way, permit, lease, or other authorization issued for a Critical Project any term or condition that may be permitted, but is not required, by any applicable Puerto Rico law, if the Revitalization Coordinator determines the term or condition would prevent or impair the expeditious construction, operation, or expansion of the Critical Project. The Revitalization Coordinator may request a

Puerto Rico Agency to include in any certificate, right-of-way, permit, lease, or other authorization, a term or condition that may be permitted in accordance with applicable laws if the Revitalization Coordinator determines such inclusion would support the expeditious construction, operation, or expansion of any Critical Project.

(f) DISCLOSURE.—All Critical Project reports, and justifications for approval or rejection of Critical Project status, shall be made publicly available online within 5 days of receipt or completion.

#### SEC. 505. FEDERAL AGENCY REQUIREMENTS.

(a) FEDERAL POINTS OF CONTACT.—At the request of the Revitalization Coordinator and within 30 days of receiving such a request, each Federal agency with jurisdiction over the permitting, or administrative or environmental review of private or public projects in Puerto Rico, shall name a Point of Contact who will serve as that agency's liaison with the Revitalization Coordinator.

(b) FEDERAL GRANTS AND LOANS.—For each Critical Project with a pending or potential Federal grant, loan, or loan guarantee application, the Revitalization Coordinator and the relevant Point of Contact shall cooperate with each other to ensure expeditious review of such application.

(c) EXPEDITED REVIEWS AND ACTIONS OF FEDERAL AGENCIES.—All reviews conducted and actions taken by any Federal agency relating to a Critical Project shall be expedited in a manner consistent with completion of the necessary reviews and approvals by the deadlines under the Expedited Permitting Process, but in no way shall the deadlines established through the Expedited Permitting Process be binding on any Federal agency.

(d) TRANSFER OF STUDY OF ELECTRIC RATES.—Section 9 of the Consolidated and Further Continuing Appropriations Act, 2015 (48 U.S.C. 1492a) is amended—

(1) in subsection (a)(5), by inserting “, except that, with respect to Puerto Rico, the term means, the Secretary of Energy” after “Secretary of the Interior”; and

(2) in subsection (b)—

(A) by inserting “(except in the case of Puerto Rico, in which case not later than 270 days after the date of enactment of the Puerto Rico Oversight, Management, and Economic Stability Act)” after “of this Act”; and

(B) by inserting “(except in the case of Puerto Rico)” after “Empowering Insular Communities activity”.

#### SEC. 506. JUDICIAL REVIEW.

(a) DEADLINE FOR FILING OF A CLAIM.—A claim arising under this title must be brought no later than 30 days after the date of the decision or action giving rise to the claim.

(b) EXPEDITED CONSIDERATION.—The District Court for the District of Puerto Rico shall set any action brought under this title for expedited consideration, taking into account the interest of enhancing Puerto Rico's infrastructure for electricity, water and sewer services, roads and bridges, ports, and solid waste management to achieve compliance with local and Federal environmental laws, regulations, and policies while ensuring the continuity of adequate services to the people of Puerto Rico and Puerto Rico's sustainable economic development.

#### SEC. 507. SAVINGS CLAUSE.

Nothing in this title is intended to change or alter any Federal legal requirements or laws.

### TITLE VI—CREDITOR COLLECTIVE ACTION

#### SEC. 601. CREDITOR COLLECTIVE ACTION.

(a) DEFINITIONS.—In this title:

(1) ADMINISTRATIVE SUPERVISOR.—The term “Administrative Supervisor” means the Oversight Board established under section 101.

(2) AUTHORIZED TERRITORIAL INSTRUMENTALITY.—The term “Authorized Territorial Instrumentality” means a covered territorial in-

strumentality authorized in accordance with subsection (e).

(3) CALCULATION AGENT.—The term “Calculation Agent” means a calculation agent appointed in accordance with subsection (l).

(4) CAPITAL APPRECIATION BOND.—The term “Capital Appreciation Bond” means a Bond that does not pay interest on a current basis, but for which interest amounts are added to principal over time as specified in the relevant offering materials for such Bond, including that the accreted interest amount added to principal increases daily.

(5) CONVERTIBLE CAPITAL APPRECIATION BOND.—The term “Convertible Capital Appreciation Bond” means a Bond that does not pay interest on a current basis, but for which interest amounts are added to principal over time as specified in the relevant offering materials and which converts to a current pay bond on a future date.

(6) INFORMATION AGENT.—The term “Information Agent” means an information agent appointed in accordance with subsection (l).

(7) INSURED BOND.—The term “Insured Bond” means a bond subject to a financial guarantee or similar insurance contract, policy or surety issued by a monoline insurer.

(8) ISSUER.—The term “Issuer” means, as applicable, the Territory Government Issuer or an Authorized Territorial Instrumentality that has issued or guaranteed at least one Bond that is Outstanding.

(9) MODIFICATION.—The term “Modification” means any modification, amendment, supplement or waiver affecting one or more series of Bonds, including those effected by way of exchange, repurchase, conversion, or substitution.

(10) OUTSTANDING.—The term “Outstanding,” in the context of the principal amount of Bonds, shall be determined in accordance with subsection (b).

(11) OUTSTANDING PRINCIPAL.—The term “Outstanding Principal” means—

(A) for a Bond that is not a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, the outstanding principal amount of such Bond; and

(B) for a Bond that is a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, the current accreted value of such Capital Appreciation Bond or a Convertible Capital Appreciation Bond, as applicable.

(12) POOL.—The term “Pool” means a pool established in accordance with subsection (d).

(13) QUALIFYING MODIFICATION.—The term “Qualifying Modification” means a Modification proposed in accordance with subsection (g).

(14) SECURED POOL.—The term “Secured Pool” means a Pool established in accordance with subsection (d) consisting only of Bonds that are secured by a lien on property, provided that the inclusion of a Bond Claim in such Pool shall not in any way limit or prejudice the right of the Issuer, the Administrative Supervisor, or any creditor to recharacterize or challenge such Bond Claim, or any purported lien securing such Bond Claim, in any other manner in any subsequent proceeding in the event a proposed Qualifying Modification is not consummated.

(15) TERRITORY GOVERNMENT ISSUER.—The term “Territory Government Issuer” means the Government of Puerto Rico or such covered territory for which an Oversight Board has been established pursuant to section 101.

(b) OUTSTANDING BONDS.—In determining whether holders of the requisite principal amount of Outstanding Bonds have voted in favor of, or consented to, a proposed Qualifying Modification, a Bond will be deemed not to be outstanding, and may not be counted in a vote or consent solicitation for or against a proposed Qualifying Modification, if on the record date for the proposed Qualifying Modification—

(1) the Bond has previously been cancelled or delivered for cancellation or is held for reissuance but has not been reissued;

(2) the Bond has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligation to make, or provide for, all payments due in respect of the Bond in accordance with its terms;

(3) the Bond has been substituted with a security of another series; or

(4) the Bond is held by the Issuer or by an Authorized Territorial Instrumentality of the Territory Government Issuer or by a corporation, trust or other legal entity that is controlled by the Issuer or an Authorized Territorial Instrumentality of the Territory Government Issuer, as applicable.

For purposes of this subsection, a corporation, trust or other legal entity is controlled by the Issuer or by an Authorized Territorial Instrumentality of the Territory Government Issuer if the Issuer or an Authorized Territorial Instrumentality of the Territory Government Issuer, as applicable, has the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity.

(c) **CERTIFICATION OF DISENFRANCHISED BONDS.**—Prior to any vote on, or consent solicitation for, a Qualifying Modification, the Issuer shall deliver to the Calculation Agent a certificate signed by an authorized representative of the Issuer specifying any Bonds that are deemed not to be Outstanding for the purpose of subsection (b) above.

(d) **DETERMINATION OF POOLS FOR VOTING.**—The Administrative Supervisor, in consultation with the Issuer, shall establish Pools in accordance with the following:

(1) Not less than one Pool shall be established for each Issuer.

(2) A Pool that contains one or more Bonds that are secured by a lien on property shall be a Secured Pool.

(3) The Administrative Supervisor shall establish Pools according to the following principles:

(A) For each Issuer that has issued multiple Bonds that are distinguished by specific provisions governing priority or security arrangements, including Bonds that have been issued as general obligations of the Territory Government Issuer to which the Territory Government Issuer pledged the full or good faith, credit, and taxing power of the Territory Government Issuer, separate Pools shall be established corresponding to the relative priority or security arrangements of each holder of Bonds against each Issuer, as applicable, provided, however, that the term “priority” as used in this section shall not be understood to mean differing payment or maturity dates.

(B) For each Issuer that has issued senior and subordinated Bonds, separate Pools shall be established for the senior and subordinated Bonds corresponding to the relative priority or security arrangements.

(C) For each Issuer that has issued multiple Bonds, for at least some of which a guarantee of repayment has been provided by the Territory Government Issuer, separate Pools shall be established for such guaranteed and non-guaranteed Bonds.

(D) Subject to the other requirements contained in this section, for each Issuer that has issued multiple Bonds, for at least some of which a dedicated revenue stream has been pledged for repayment, separate Pools for such Issuer shall be established as follows—

(i) for each dedicated revenue stream that has been pledged for repayment, not less than one Secured Pool for Bonds for which such revenue stream has been pledged, and separate Secured Pools shall be established for Bonds of different priority; and

(ii) not less than one Pool for all other Bonds issued by the Issuer for which a dedicated revenue stream has not been pledged for repayment.

(E) The Administrative Supervisor shall not place into separate Pools Bonds of the same Issuer that have identical rights in security or priority.

(4) Notwithstanding the preceding provisions of this subsection, a preexisting voluntary agreement may classify Insured Bonds and uninsured bonds in different Pools and provide different treatment thereof so long as the preexisting voluntary agreement has been agreed to by—

(A) holders of a majority in amount of all uninsured bonds outstanding in the modified Pool; and

(B) holders (including insurers with power to vote) of a majority in amount of all Insured Bonds.

(e) **AUTHORIZATION OF TERRITORIAL INSTRUMENTALITIES.**—A covered territorial instrumentality is an Authorized Territorial Instrumentality if it has been specifically authorized to be eligible to avail itself of the procedures under this section by the Administrative Supervisor.

(f) **INFORMATION DELIVERY REQUIREMENT.**—Before solicitation of acceptance or rejection of a Modification under subsection (h), the Issuer shall provide to the Calculation Agent, the Information Agent, and the Administrative Supervisor, the following information—

(1) a description of the Issuer’s economic and financial circumstances which are, in the Issuer’s opinion, relevant to the request for the proposed Qualifying Modification, a description of the Issuer’s existing debts, a description of the impact of the proposed Qualifying Modification on the territory’s or its territorial instrumentalities’ public debt;

(2) if the Issuer is seeking Modifications affecting any other Pools of Bonds of the Territory Government Issuer or its Authorized Territorial Instrumentalities, a description of such other Modifications;

(3) if a Fiscal Plan with respect to such Issuer has been certified, the applicable Fiscal Plan certified in accordance with section 201; and

(4) such other information as may be required under applicable securities laws.

(g) **QUALIFYING MODIFICATION.**—A Modification is a Qualifying Modification if—

(1) the Issuer proposing the Modification has consulted with holders of Bonds in each Pool of such Issuer prior to soliciting a vote on such Modification;

(2) each exchanging, repurchasing, converting, or substituting holder of Bonds of any series in a Pool affected by that Modification is offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, repurchasing, converting, or substituting holder of Bonds of any series in a Pool affected by that Modification (or, where a menu of instruments or other consideration is offered, each exchanging, repurchasing, converting, or substituting holder of Bonds of any series in a Pool affected by that Modification is offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, repurchasing, converting, or substituting holder of Bonds of any series in a Pool affected by that Modification electing the same option under such menu of instruments);

(3) the Modification is certified by the Administrative Supervisor as being consistent with the requirements set forth in section 104(i)(1) and is in the best interests of the creditors and is feasible; or

(4) notwithstanding paragraphs (1) through (3), the Administrative Supervisor has issued a certification that—

(A) the requirements set forth in section 104(i)(2) have been satisfied; or

(B) the Modification is consistent with a restructuring support or similar agreement to be implemented pursuant to the law of the covered territory executed by the Issuer prior to the establishment of an Oversight Board for the relevant territory.

(h) **SOLICITATION.**—

(1) Upon receipt of a certification from the Administrative Supervisor under subsection (g), the Information Agent shall, if practical and except as provided in paragraph (2), submit to the holders of any Outstanding Bonds of the relevant Issuer, including holders of the right to vote such Outstanding Bonds, the information submitted by the relevant Issuer under subsection (f)(1) in order to solicit the vote of such holders to approve or reject the Qualifying Modification.

(2) If the Information Agent is unable to identify the address of holders of any Outstanding Bonds of the relevant Issuer, the Information Agent may solicit the vote or consent of such holders by—

(A) delivering the solicitation to the paying agent for any such Issuer or Depository Trust Corporation if it serves as the clearing system for any of the Issuer’s Outstanding Bonds; or

(B) delivering or publishing the solicitation by whatever additional means the Information Agent, after consultation with the Issuer, deems necessary and appropriate in order to make a reasonable effort to inform holders of any Outstanding Bonds of the Issuer which may include, notice by mail, publication in electronic media, publication on a website of the Issuer, or publication in newspapers of national circulation in the United States and in a newspaper of general circulation in the territory.

(i) **WHO MAY PROPOSE A MODIFICATION.**—For each Issuer, a Modification may be proposed to the Administrative Supervisor by the Issuer or by one or more holders of the right to vote the Issuer’s Outstanding Bonds. To the extent a Modification proposed by one or more holders of the right to vote Outstanding Bonds otherwise complies with the requirements of this title, the Administrative Supervisor may accept such Modification on behalf of the Issuer, in which case the Administrative Supervisor will instruct the Issuer to provide the information required in subsection (f).

(j) **VOTING.**—For each Issuer, any Qualifying Modification may be made with the affirmative vote of the holders of the right to vote at least two-thirds of the Outstanding Principal amount of the Outstanding Bonds in each Pool that have voted to approve or reject the Qualifying Modification, provided that holders of the right to vote not less than a majority of the aggregate Outstanding Principal amount of all the Outstanding Bonds in each Pool have voted to approve the Qualifying Modification. The holder of the right to vote the Outstanding Bonds that are Insured Bonds shall be the monoline insurer insuring such Insured Bond to the extent such insurer is granted the right to vote Insured Bonds for purposes of directing remedies or consenting to proposed amendments or modifications as provided in the applicable documents pursuant to which such Insured Bond was issued and insured.

(k) **CALCULATION AGENT.**—For the purpose of calculating the principal amount of the Bonds of any series eligible to participate in such a vote or consent solicitation and tabulating such votes or consents, the Territory Government Issuer may appoint a Calculation Agent for each Pool reasonably acceptable to the Administrative Supervisor.

(l) **INFORMATION AGENT.**—For the purpose of administering a vote of holders of Bonds, including the holders of the right to vote such Bonds, or seeking the consent of holder of

Bonds, including the holders of the right to vote such Bonds, to a written action under this section, the Territory Government Issuer may appoint an Information Agent for each Pool reasonably acceptable to the Administrative Supervisor.

(m) **BINDING EFFECT.**—

(1) A Qualifying Modification will be conclusive and binding on all holders of Bonds whether or not they have given such consent, and on all future holders of those Bonds whether or not notation of such Qualifying Modification is made upon the Bonds, if—

(A) the holders of the right to vote the Outstanding Bonds in every Pool of the Issuer pursuant to subsection (j) have consented to or approved the Qualifying Modification;

(B) the Administrative Supervisor certifies that—

(i) the voting requirements of this section have been satisfied;

(ii) the Qualifying Modification complies with the requirements set forth in section 104(i)(1); and

(iii) except for such conditions that have been identified in the Qualifying Modification as being non-waivable, any conditions on the effectiveness of the Qualifying Modification have been satisfied or, in the Administrative Supervisor's sole discretion, satisfaction of such conditions has been waived;

(C) with respect to a Bond Claim that is secured by a lien on property and with respect to which the holder of such Bond Claim has rejected or not consented to the Qualifying Modification, the holder of such Bond—

(i) retains the lien securing such Bond Claims; or

(ii) receives on account of such Bond Claim, through deferred cash payments, substitute collateral, or otherwise, at least the equivalent value of the lesser of the amount of the Bond Claim or of the collateral securing such Bond Claim; and

(D) the district court for the territory or, for any territory that does not have a district court, the United States District Court for the District of Hawaii, has, after reviewing an application submitted to it by the applicable Issuer for an order approving the Qualifying Modification, entered an order that the requirements of this section have been satisfied.

(2) Upon the entry of an order under paragraph (1)(D), the conclusive and binding Qualifying Modification shall be valid and binding on any person or entity asserting claims or other rights, including a beneficial interest (directly or indirectly, as principal, agent, counterpart, subrogee, insurer or otherwise) in respect of Bonds subject to the Qualifying Modification, any trustee, any collateral agent, any indenture trustee, any fiscal agent, and any bank that receives or holds funds related to such Bonds. All property of an Issuer for which an order has been entered under paragraph (1)(D) shall vest in the Issuer free and clear of all claims in respect of any Bonds of any other Issuer. Such Qualifying Modification will be full, final, complete, binding, and conclusive as to the territorial government Issuer, other territorial instrumentalities of the territorial government Issuer, and any creditors of such entities, and should not be subject to any collateral attack or other challenge by any such entities in any court or other forum. Other than as provided herein, the foregoing shall not prejudice the rights and claims of any party that insured the Bonds, including the right to assert claims under the Bonds as modified following any payment under the insurance policy, and no claim or right that may be asserted by any party in a capacity other than holder of a Bond affected by the Qualifying Modification shall be satisfied, released, discharged, or enjoined by this provision.

(n) **JUDICIAL REVIEW.**—

(1) The district court for the territory or, for any territory that does not have a district court,

the United States District Court for the District of Hawaii shall have original and exclusive jurisdiction over civil actions arising under this section.

(2) Notwithstanding section 106(e), there shall be a cause of action to challenge unlawful application of this section.

(3) The district court shall nullify a Modification and any effects on the rights of the holders of Bonds resulting from such Modification if and only if the district court determines that such Modification is manifestly inconsistent with this section.

**SEC. 602. APPLICABLE LAW.**

In any judicial proceeding regarding this title, Federal, State, or territorial laws of the United States, as applicable, shall govern and be applied without regard or reference to any law of any international or foreign jurisdiction.

**TITLE VII—SENSE OF CONGRESS REGARDING PERMANENT, PRO-GROWTH FISCAL REFORMS**

**SEC. 701. SENSE OF CONGRESS REGARDING PERMANENT, PRO-GROWTH FISCAL REFORMS.**

It is the sense of the Congress that any durable solution for Puerto Rico's fiscal and economic crisis should include permanent, pro-growth fiscal reforms that feature, among other elements, a free flow of capital between possessions of the United States and the rest of the United States.

The Acting CHAIR. No amendment to that amendment in the nature of a substitute shall be in order except those printed in House Report 114-610. Each such amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

**AMENDMENT NO. 1 OFFERED BY MR. BISHOP OF UTAH**

The Acting CHAIR. It is now in order to consider amendment No. 1 printed in House Report 114-610.

Mr. BISHOP of Utah. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 3, line 14, strike "If" and insert "(a) IN GENERAL.—Except as provided in subsection (b), if"

Page 3, after line 20, insert the following:

(b) **UNIFORMITY.**—If a court holds invalid any provision of this Act or the application thereof on the ground that the provision fails to treat similarly situated territories uniformly, then the court shall, in granting a remedy, order that the provision of this Act or the application thereof be extended to any other similarly situated territory, provided that the legislature of that territory adopts a resolution signed by the territory's governor requesting the establishment and organization of a Financial Oversight and Management Board pursuant to section 101.

Page 9, strike lines 24 and 25.

Page 10 strike lines 1 through 7, and insert the following:

(1) **PUERTO RICO.**—A Financial Oversight and Management Board is hereby established for Puerto Rico.

Page 10, line 8, strike "(3)" and insert "(2)".

Page 12, line 22, strike "must" and insert "shall".

Page 14, line 6, insert ", non-overlapping" after "from a separate".

Page 16, lines 15 through 16, strike "September 30, 2016" and insert "September 1, 2016".

Page 16, line 18, strike "December 1, 2016" and insert "September 15, 2016".

Page 19, line 4, strike "subsection" and insert "Act".

Page 20, line 5, insert "and any professionals the Oversight Board determines necessary" after "voting members".

Page 29, line 9, insert "until an order approving the Qualifying Modification has been entered pursuant to section 601(m)(1)(D) of this Act" after "such agreement".

Page 29, strike lines 10 through 18 and insert the following:

(3) **PREEXISTING VOLUNTARY AGREEMENTS.**—Any voluntary agreement that the territorial government or any territorial instrumentality has executed before May 18, 2016, with holders of a majority in amount of Bond Claims that are to be affected by such agreement to restructure such Bond Claims shall be deemed to be in conformance with the requirements of this subsection.

Page 32, line 11, strike "the Government of Puerto Rico" and insert "a covered territory".

Page 34, strike line 19 through page 35, line 3 and insert the following:

(b) **FUNDING.**—The Oversight Board shall use its powers with respect to the Territory Budget of the covered territory to ensure that sufficient funds are available to cover all expenses of the Oversight Board.

(1) **PERMANENT FUNDING.**—Within 30 days after the date of enactment of this Act, the territorial government shall designate a dedicated funding source, not subject to subsequent legislative appropriations, sufficient to support the annual expenses of the Oversight Board as determined in the Oversight Board's sole and exclusive discretion.

(2)(A) **INITIAL FUNDING.**—On the date of establishment of an Oversight Board in accordance with section 101(b) and on the 5th day of each month thereafter, the Governor of the covered territory shall transfer or cause to be transferred the greater of \$2,000,000 or such amount as shall be determined by the Oversight Board pursuant to subsection (a) to a new account established by the territorial government, which shall be available to and subject to the exclusive control of the Oversight Board, without any legislative appropriations of the territorial government.

(B) **TERMINATION.**—The initial funding requirements under subparagraph (A) shall terminate upon the territorial government designating a dedicated funding source not subject to subsequent legislative appropriations under paragraph (1).

(3) **REMISSION OF EXCESS FUNDS.**—If the Oversight Board determines in its sole discretion that any funds transferred under this subsection exceed the amounts required for the Oversight Board's operations as established pursuant to subsection (a), any such excess funds shall be periodically remitted to the territorial government.

Page 35, line 15, strike "or on" and insert "on".

Page 35, line 15, insert ", or against" after "behalf of".

Page 35, line 17 and 18, strike "no conflict of interest exists" and insert "the representation complies with the applicable professional rules of conduct governing conflicts of interests".

Page 60, line 7, insert "(A)" before "During the period".

Page 60, line 18, strike "reversal" and insert "rescission".

Page 60, line 19, insert at the end the following:

(B) Upon appointment of the Oversight Board's full membership, the Oversight

Board may review, and in its sole discretion, rescind, any law that—

(i) was enacted during the period between, with respect to Puerto Rico, May 4, 2016; or with respect to any other territory, 45 days prior to the establishment of the Oversight Board for such territory, and the date of appointment of all members and the Chair of the Oversight Board; and

(ii) alters pre-existing priorities of creditors in a manner outside the ordinary course of business or inconsistent with the territory's constitution or the laws of the territory as of, in the case of Puerto Rico, May 4, 2016, or with respect to any other territory, 45 days prior to the establishment of the Oversight Board for such territory;

but such rescission shall only be to the extent that the law alters such priorities.

Page 73, strike line 22, and insert "be excluded, and that, for each excluded trust or other legal entity, the court shall, upon the request of any participant or beneficiary of such trust or entity, at any time after the commencement of the case, order the appointment of a separate committee of creditors pursuant to section 1102(a)(2) of title 11, United States Code; and".

Page 75, line 2, insert at the end the following: "The term 'trustee' as described in this paragraph does not mean the U.S. Trustee, an official of the United States Trustee Program, which is a component of the United States Department of Justice.".

Page 75, line 8, insert "'Chapter 11,'" after "'Chapter 9'".

Page 76, line 22, insert "but" after "for such exercise,".

Page 76, line 23, strike " , but".

Page 84, line 23, insert "(1)" before "If the Oversight Board".

Page 85, after line 2, insert the following:

(2) With respect to paragraph (1), the Oversight Board may consider, among other things—

(A) the resources of the district court to adjudicate a case or proceeding; and

(B) the impact on witnesses who may be called in such a case or proceeding.

Page 88, line 7, strike "IMPAIRED CREDITORS" and insert "CLAIMS".

Page 88, line 14, insert "claims, which claims are" after "only one class of".

Page 88, line 21, insert "and does not discriminate unfairly" after "table".

Page 94, line 10, insert "(29 U.S.C. 215(a)(3))" after "section 15(a)(3)".

Page 111, line 1, strike "180 days" and insert "one year".

Page 115, line 24, insert " , which should be analyzed," after "level of debt".

Page 116, lines 4 and 5, strike "nor policies that would" and insert "or policies that would not".

Page 116, line 8, strike "States or local units of government".

Page 121, lines 7 and 8, strike " , or in the preceding 3 calendar years provided,".

Page 142, line 2, strike "a preexisting voluntary agreement" and insert "solely with respect to a preexisting voluntary agreement as described in section 104(i)(3) of this Act, such voluntary agreement".

Page 143, line 16, strike "if—" and insert "if one of the following processes has occurred:".

Page 143, line 17, strike "the Issuer" and insert "CONSULTATION PROCESS.—(A) The Issuer".

Page 143, line 20, strike "(2)" and insert "(B)".

Page 144, line 17, insert "and" after the semicolon.

Page 144, line 18, strike "(3)" and insert "(C)".

Page 144, line 21, strike " ; or" and insert a period.

Page 144, lines 22 through 23, strike "(4) notwithstanding paragraphs (1) through (3), the" and insert the following:

(2) VOLUNTARY AGREEMENT PROCESS.—The Page 145, line 2, insert "and section 601(g)(1)(B)" after "104(i)(2)".

The Acting CHAIR. Pursuant to House Resolution 770, the gentleman from Utah (Mr. BISHOP) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Utah.

Mr. BISHOP of Utah. Mr. Chairman, this is the proverbial manager's amendment. It does have four significant elements that I think people ought to be aware of in this particular amendment.

Thanks to a lot of work from Mr. MACARTHUR and some others, we have an opt-in provision in this piece of legislation for the other territories. However, if a court finding removes the opt-in provision and finds it to be unconstitutional, it then does have a reverse severability clause that would reinstate the opt-in for other territories so there would not be a constitutional issue.

We do have a funding mechanism in this bill to make sure that the oversight board is up and running properly as we begin. It also has the ability for the oversight board to give them the authority to review and rescind any laws passed by the territory between May 4 and the date of its full appointment of membership if those actions alter the priorities of repayment and move things around in a controversial way.

Finally, and probably most important, the amendment also includes a moving up of the timetable for appointment to the board. This simply says the President will have the appointment of the board up and running by September 15 of this year, and no later than that.

This, I think, has some other technical amendments that truly are technical, but those are four substantive amendments in the manager's amendment that help make this what we intend it to be and get us up and running very quickly.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Utah (Mr. BISHOP).

The amendment was agreed to.

AMENDMENT NO. 2 OFFERED BY MR. GRAVES OF MISSOURI

The Acting CHAIR. It is now in order to consider amendment No. 2 printed in House Report 114-610.

Mr. GRAVES of Missouri. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 61, line 4, strike "or".

Page 61, line 7, strike the period and insert " ; or".

Page 61, after line 7, insert:

(4) preserve and maintain federally funded mass transportation assets.

The Acting CHAIR. Pursuant to House Resolution 770, the gentleman

from Missouri (Mr. GRAVES) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. GRAVES of Missouri. Mr. Chairman, I rise today in support of my amendment which ensures federally funded public transportation systems are considered an essential service as Puerto Rico works to address its debt crisis.

Mr. Chairman, public transportation services in Puerto Rico are provided by a fully automated rapid rail line known as Tren Urbano. The system serves 8.5 million customers each year, providing access to three universities, the main medical center in Puerto Rico, and major financial centers in its capital.

Construction of Tren Urbano was funded by the United States Government through a Federal Transit Administration grant. In fact, of the total \$2.2 billion price tag, over \$800 million came from Federal grants, and another \$300 million came from a TIFIA loan. These are taxpayer investments we cannot let go to waste, and this amendment is simply a fiscally responsible way to make sure that that doesn't happen.

Failure to maintain Puerto Rico's mass transit system would cause Tren Urbano to fall into disrepair. We have seen just how disruptive those problems can be right here in our Nation's Capital. As the chairman of the House Subcommittee on Highways and Transit, I recently held a hearing on the safety and reliability of the Metro system here in D.C. Repairs to the Metro have added to congestion problems in this city, and it has caused an untold amount in lost worker productivity. We do not want to see the same problems in Puerto Rico. We want to make sure that that doesn't happen. We don't want to see those same problems, especially given the economic situation they are facing.

Over the last several years, the Government of Puerto Rico has struggled to pay for Tren Urbano's operations. At times, outstanding debt for operations has exceeded \$20 million. Nevertheless, with the aid of FTA preventive maintenance grants, revenues from passenger fares, and funds from the Puerto Rican Highway and Transportation Authority, Tren Urbano has been able to continue serving the residents of Puerto Rico. It is critical we ensure Tren Urbano is treated as an essential service so that we can protect the hundreds of millions of taxpayer dollars that are already invested in the system.

Mr. Chairman, this doesn't prioritize anything. It doesn't put anything at the top of the list. It just simply says that it is going to be a part of this process, so we do not lose that investment.

Mr. CAPUANO. Will the gentleman yield?

Mr. GRAVES of Missouri. I yield to the gentleman from Massachusetts.

Mr. CAPUANO. Mr. Chairman, I thank the gentleman for yielding.

I want to step up and basically add my name to this and my support and say it is a good amendment. It should pass.

Mr. BISHOP of Utah. Will the gentleman yield?

Mr. GRAVES of Missouri. I yield to the gentleman from Utah.

Mr. BISHOP of Utah. Mr. Chairman, I also want to support this amendment. Everything is fine with me too.

Mr. GRAVES of Missouri. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Missouri (Mr. GRAVES).

The amendment was agreed to.

AMENDMENT NO. 3 OFFERED BY MR. JOLLY

The Acting CHAIR. It is now in order to consider amendment No. 3 printed in House Report 114-610.

Mr. JOLLY. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 114, line 11, insert “, reduce child poverty,” before “and attract”.

The Acting CHAIR. Pursuant to House Resolution 770, the gentleman from Florida (Mr. JOLLY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Florida.

Mr. JOLLY. Mr. Chairman, section 409 of this very important legislation creates a congressional task force on economic growth in Puerto Rico. The intent of the task force is to study barriers to economic growth, report back to Congress on changes in Federal law that would spur long-term, sustainable economic growth, job creation, and also attract investment in Puerto Rico. However, in my opinion, the section could be improved by also studying the impact and recommended changes on child poverty on the island of Puerto Rico.

Nearly 60 percent of children under 18 live below the poverty level in Puerto Rico, and roughly 80 percent live in high poverty areas. That is in comparison to only 11 percent who live in high poverty areas here in the continental United States.

This very simple amendment would add to the requirements of the congressional task force that they report back on recommended changes to address and reduce child poverty in the territory.

This amendment has been endorsed by an organization of roughly 600 national and local religious bodies, including the U.S. Conference of Catholic Bishops, the United Methodist Church, the Presbyterian Church U.S.A., Catholic Charities, the Union for Reform Judaism.

Additionally, on Tuesday of this week, San Juan Archbishop Roberto Gonzalez Nieves called on Congress to specifically address child poverty in this bill.

Much of the debate has centered around balancing the interests and needs of bondholders and lenders with those of pensioners. I would ask that this body also consider the impact on the least among us. We are all called to serve each other.

This is an opportunity for this body to reflect not just the vision of our Founders, but the calling of our Creator in doing so. These children are American citizens. Their plight deserves our explicit attention.

I urge my colleagues to support this amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. GRIJALVA. Mr. Chairman, I ask unanimous consent to claim the time in opposition to this amendment, although I am not opposed to the amendment.

The Acting CHAIR. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Acting CHAIR. The gentleman from Arizona is recognized for 5 minutes.

Mr. GRIJALVA. Mr. Chairman, I yield 2 minutes to the gentleman from Puerto Rico (Mr. PIERLUISI), the commissioner from Puerto Rico.

Mr. PIERLUISI. Mr. Chairman, I thank Congressman GRIJALVA.

I rise to support this thoughtful amendment and to thank its authors, Congressman JOLLY and Congressman CURBELO, both from Florida.

Florida is home to over 1 million individuals of Puerto Rican birth or descent, and will soon pass New York as the State with the largest Puerto Rican population. Many of the Puerto Rican families in Florida are recent arrivals, having relocated from Puerto Rico to the Sunshine State in search of the equality and economic opportunity that they lack on the island.

□ 1715

I also want to thank the organization Jubilee USA, which has been a constructive player in the debate over PROMESA.

This amendment requires the Congressional Task Force on Economic Growth in Puerto Rico, created by section 409 of the bill, to report on recommended changes to Federal policy that would reduce child poverty in Puerto Rico.

I do not want to prejudge the work of the task force, so I will simply say this: poverty in Puerto Rico, including child poverty, is far higher than in any State in the Nation, and it has been far higher for as long as statistics have been available. This demonstrates that the problem is structural in nature. It is rooted in the unequal treatment that Puerto Rico receives under key Federal antipoverty programs, which is only permissible because Puerto Rico is a territory rather than a State. To reduce poverty, we must end unequal treatment, and to end unequal treatment, Puerto Rico must discard its ter-

ritory status in favor of statehood or nationhood.

Mr. JOLLY. Mr. Chair, I reserve the balance of my time.

Mr. GRIJALVA. Mr. Chair, I yield 1 minute to the gentleman from New York (Mr. SERRANO).

Mr. SERRANO. Mr. Chair, I was not planning to speak, but when I heard Bishop Gonzalez' name mentioned, I had to say something because he was my parish priest at two different parishes in the Bronx. I know of his work, and if he wants this discussed, then it is something I should rise to and support. He always cared about child poverty in the Bronx when he was my parish priest. Now, as I tell him he is a big shot in Puerto Rico, he is still doing the right thing by God's work.

Mr. JOLLY. Mr. Chair, I reserve the balance of my time.

Mr. GRIJALVA. Mr. Chair, in closing, let me thank and commend the gentleman from Florida for this very good amendment. I think it dovetails with the rest of the legislation very well as the gentleman addresses some of the indices in Puerto Rico that require attention—the challenges around poverty that the Puerto Rican people are facing. It is not often in this Chamber that we talk about poverty. The gentleman is to be commended, and I support the amendment.

Mr. Chair, I yield back the balance of my time.

Mr. JOLLY. Mr. Chair, in closing, I urge my colleagues to support this very important amendment.

Do the right thing for the very least among us—those children on the island who are facing significant challenges of poverty—so that we, as a body, might respond better to the right policies that address their very real needs. I urge the passage of this amendment.

Mr. Chair, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Florida (Mr. JOLLY).

The amendment was agreed to.

AMENDMENT NO. 4 OFFERED BY MR. BYRNE

The Acting CHAIR. It is now in order to consider amendment No. 4 printed in House Report 114-610.

Mr. BYRNE. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 115, line 20, strike “The” and insert “Not later than 18 months after the date of the enactment of this Act, the”.

The Acting CHAIR. Pursuant to House Resolution 770, the gentleman from Alabama (Mr. BYRNE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Alabama.

Mr. BYRNE. Mr. Chair, I thank Chairman BISHOP for his leadership on this issue. This has not been an easy task, but he has provided great leadership, and I appreciate it.

I also thank Mr. GRAVES of Louisiana and Mr. POLIS for their amendment at the committee level, which requires a report from the Government Accountability Office that outlines how Puerto Rico reached this point of fiscal insolvency.

My amendment is very straightforward. It would simply set a deadline for the GAO to submit this report within 18 months of the enactment of this bill. Mr. GRAVES and Mr. POLIS are co-sponsors of my amendment, and they agree that setting a deadline is important.

We must figure out how Puerto Rico got to this point in order to avoid another territory's finding itself in a similar position at some point down the road. I believe having this report and receiving it in a timely manner will, hopefully, go a long way towards preventing a similar situation in the future. This amendment is about accountability, and I urge its adoption.

Mr. Chair, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Alabama (Mr. BYRNE).

The amendment was agreed to.

AMENDMENT NO. 5 OFFERED BY MR. BYRNE

The Acting CHAIR. It is now in order to consider amendment No. 5 printed in House Report 114-610.

Mr. BYRNE. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 116, after line 10, insert the following:  
**SEC. 411. REPORT ON TERRITORIAL DEBT.**

(a) REPORT REQUIRED.—Not later than one year after the date of the enactment of this Act, and thereafter not less than once every two years, the Comptroller General of the United States shall submit to Congress a report on the public debt of each territory, including—

(1) the historical levels of each territory's public debt, current amount and composition of each territory's public debt, and future projections of each territory's public debt;

(2) the historical levels of each territory's revenue, current amount and composition of each territory's revenue, and future projections of each territory's revenue;

(3) the drivers and composition of each territory's public debt;

(4) the effect of Federal laws, mandates, rules, and regulations on each territory's public debt; and

(5) the ability of each territory to repay its public debt.

(b) MATERIALS.—The government of each territory shall make available to the Comptroller General of the United States all materials necessary to carry out this section.

The Acting CHAIR. Pursuant to House Resolution 770, the gentleman from Alabama (Mr. BYRNE) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Alabama.

Mr. BYRNE. Mr. Chair, as we have heard over and over again today, this Congress has plenary authority over our territories. Over the course of the

last century, this body has rightly delegated this power to provide for home rule for our territories. However, it is abundantly clear that this delegation of power has resulted in no oversight by the Federal Government over the debts that our territories are running up.

In this particular case, out of the blue, we have been told by the United States Treasury that it is our constitutional responsibility to do something to save a territory from years of its own fiscal irresponsibility. For years, the entire Federal Government was, essentially, asleep at the wheel as one of our territories ran up huge, unsustainable debts until the day arose when the territory could no longer pay.

Mr. Chair, I have absolutely no interest in interfering with the home rule of our territories. However, delegated authority can be abused. If we have a constitutional responsibility to intervene to prevent territorial insolvency, we certainly should exercise at least minimal oversight into the large debts that some of our territories are running up.

My amendment is simple. It requires a biennial report to Congress on the debt of each territory, the drivers of each territory's debt, the effect of Federal policy on each territory's debt, and the ability of each territory to repay its debt. This will help us provide that minimal oversight.

Unfortunately, Mr. Chair, the very agency that is coming to Congress and asking us to help Puerto Rico—the United States Treasury—has refused to provide this report to Congress, claiming it lacks resources. Let's be clear. The Department of the Treasury was appropriated \$11.9 billion for this fiscal year, and they claim a lack of resources to put together a simple report on five tiny territories. That is astonishing. It is also irresponsible.

In response to the Department of the Treasury, I offered a compromise. I would take one Treasury report on territorial debt if the Treasury would simply agree to monitor and advise us of what is going on with these territorial governments and what we should do to prevent insolvency.

According to the Treasury, this was even worse. It would represent an unprecedented expansion into the finances and solvency of a U.S. subsovereign. Apparently, this administration doesn't like the Territories Clause of the Constitution unless it is being used at the very last minute to save Puerto Rico.

I don't blame Puerto Rico for this. I blame the United States Treasury for this. If the United States Treasury is unwilling to do its job, I have changed the text of my amendment to require the GAO to put together this biennial report, and I look forward to seeing its results.

Last night, Mr. Chair, in the Rules Committee meeting, we heard testimony from the representatives of two other territories, who told us that they are concerned that their territories are

sliding in the same direction as Puerto Rico's while the Treasury Department sleeps. Since the Treasury Department won't take responsibility and do its job, we are going to do our job through the GAO.

I hope my colleagues will join me in doing something to fix this problem before another crisis is upon us. Perhaps, then, we can even get the Treasury and the rest of the Federal Government to wake up. If they don't, I will have a lot less sympathy the next time they come asking for our help.

Mr. Chair, I reserve the balance of my time.

Mr. GRIJALVA. Mr. Chair, I rise in opposition to this amendment.

The Acting CHAIR. The gentleman from Arizona is recognized for 5 minutes.

Mr. GRIJALVA. Mr. Chair, this amendment requires the GAO to submit reports every 2 years to the Congress about the public debt and about the ability to pay that debt of all U.S. territories. While the debt crisis in Puerto Rico is, indeed, serious and real, there is no indication that any other territory faces a similar crisis.

The base bill already includes reporting requirements. Requiring more reporting to cover the territories is unwarranted as well as being a waste of the GAO's limited time to provide more important reports to Congress.

A number of States and localities on the mainland face much more precarious budget situations than do the other territories. We don't need any more focus on U.S. territories when there is no reason to believe such onerous reporting is really required or justified.

Mr. Chair, I reserve the balance of my time.

Mr. BYRNE. Mr. Chair, I yield 2 minutes to the gentleman from Utah (Mr. BISHOP).

Mr. BISHOP of Utah. Mr. Chair, there is an old line from the play "1776," when Stephen Hopkins says:

Mr. Chair, I have never seen, heard, or smelled an issue so dangerous it couldn't be talked about. Hell, yes. I am for debating anything.

This is one of those situations in which you have never seen, heard, or smelled anything that shouldn't be studied. The information could be vital, and it could be helpful. For that, I endorse and support this amendment.

Mr. GRIJALVA. Mr. Chair, I reserve the balance of my time.

Mr. BYRNE. Mr. Chair, I listened to the gentleman's comments, and I have to tell you, if there is enough in this bill for the reporting, why did the Treasury not say that to us? They didn't say that to us because they know there needs to be a report done. They just don't want to take the responsibility for doing it.

I think this amendment is definitely necessary for us to make sure we are doing our job in exercising our constitutional responsibility.

I reserve the balance of my time.

Mr. GRIJALVA. Mr. Chair, I reserve the balance of my time.

Mr. BYRNE. Mr. Chair, I didn't know anything about this, and the vast majority of the Members didn't know anything about this problem before it was thrust upon us over the last several weeks.

The irresponsibility of the Treasury Department in not giving this information to us months ago when they knew it was happening or when they should have known it was happening underscores the need for this. I am putting it on the GAO in this particular amendment, but in the years to come, we need to expect the Treasury to do its job, because it has failed to do so in this circumstance.

I ask the House to adopt my amendment.

Mr. Chair, I yield back the balance of my time.

Mr. GRIJALVA. Mr. Chair, a recent report from the U.S. Public Interest Research Group Education Fund rated all 50 States on whether they made transparent budget and spending information available to the public. My own State of Arizona received a grade of a B, so we have some work to do there. The State of Alabama, however, received the grade of a D, placing it fourth from the bottom of all States.

From that, it seems clear, if our goal is budget and spending transparency, perhaps our focus should be on our States on the mainland and not on the territories, because that seems to be where there is a verifiable problem.

This amendment is unwarranted, and it does not need to be included in the legislation.

Mr. Chair, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Alabama (Mr. BYRNE).

The amendment was agreed to.

AMENDMENT NO. 6 OFFERED BY MR. DUFFY

The Acting CHAIR. It is now in order to consider amendment No. 6 printed in House Report 114-610.

Mr. DUFFY. Mr. Chair, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 116, after line 10, insert the following:  
**SEC. 411. EXPANSION OF HUBZONES IN PUERTO RICO.**

(a) IN GENERAL.—

(1) Section 3(p)(4)(A) of the Small Business Act (15 U.S.C. 632(p)(4)(A)) is amended to read as follows:

“(A) QUALIFIED CENSUS TRACT.—

“(i) IN GENERAL.—The term ‘qualified census tract’ has the meaning given that term in section 42(d)(5)(B)(ii) of the Internal Revenue Code of 1986.

“(ii) EXCEPTION.—For any metropolitan statistical area in the Commonwealth of Puerto Rico, the term ‘qualified census tract’ has the meaning given that term in section 42(d)(5)(B)(ii) of the Internal Revenue Code of 1986 as applied without regard to subclause (II) of such section, except that this clause shall only apply—

“(I) 10 years after the date that the Administrator implements this clause, or

“(II) the date on which the Financial Oversight and Management Board for the Commonwealth of Puerto Rico created by the Puerto Rico Oversight, Management, and Economic Stability Act ceases to exist, whichever event occurs first.”.

(2) REGULATIONS.—The Administrator of the Small Business Administration shall issue regulations to implement the amendment made by paragraph (1) not later than 90 days after the date of the enactment of this Act.

(b) IMPROVING OVERSIGHT.—

(1) GUIDANCE.—Not later than 270 days after the date of the enactment of this Act, the Administrator of the Small Business Administration shall develop and implement criteria and guidance on using a risk-based approach to requesting and verifying information from entities applying to be designated or recertified as qualified HUBZone small business concerns (as defined in section 3(p)(5) of the Small Business Act (15 U.S.C. 632(p)(5))).

(2) ASSESSMENT.—Not later 1 year after the date on which the criteria and guidance described in paragraph (1) is implemented, the Comptroller General of the United States shall begin an assessment of such criteria and guidance. Not later than 6 months after beginning such an assessment, the Comptroller General shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives that includes—

(A) an assessment of the criteria and guidance issued by the Administrator of the Small Business Administration in accordance with paragraph (1);

(B) an assessment of the implementation of the criteria and guidance issued by the Administrator of the Small Business Administration in accordance with paragraph (1);

(C) an assessment as to whether these measures have successfully ensured that only qualified HUBZone small business concerns are participating in the HUBZone program under section 31 of the Small Business Act (15 U.S.C. 657a);

(D) an assessment as to whether the reforms made by the criteria and guidance implemented under paragraph (1) have resulted in job creation in the Commonwealth of Puerto Rico; and

(E) recommendations on how to improve controls in the HUBZone program.

The Acting CHAIR. Pursuant to House Resolution 770, the gentleman from Wisconsin (Mr. DUFFY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Wisconsin.

Mr. DUFFY. Mr. Chair, the Puerto Rico unemployment rate is double the national average. Nearly one in every two residents lives below the poverty line. Economic growth is in the negative. We have heard about that all day today. Now, PROMESA will stop the bleeding, but there isn't an easy solution to jump-start the economy. We have a down payment in a commission, but this is, I think, a real step in the direction of trying to kick-start economic growth.

My amendment, with my colleague from Puerto Rico (Mr. PIERLUISI), will provide modest assistance to Puerto Rico by removing an impediment to the Small Business Administration's HUBZone program that limits the

number of businesses on the island that are eligible for the program.

This idea was brought to me by my friend Jaime Perello, the speaker of the Legislative Assembly of Puerto Rico, and it is a good one. What does it do? The HUBZone program is a small business, Federal contracting assistance program, whose primary objective is job creation and increasing capital investment in distressed communities.

□ 1730

Now, there is a 20 percent cap. So that 20 percent cap for this program might not affect Minneapolis or Chicago or Milwaukee because you don't even have 20 percent of the communities that are distressed.

However, in Puerto Rico you have far more than 20 percent of the communities that are distressed. You have 80 percent of them that are distressed. So by removing this cap, you have a larger part of the community that qualifies to access this program.

This is, I think, a very good solution and downpayment on economic growth and investment in Puerto Rico. Not only that, but there have been some noted problems with the program. GAO has made some recommendations. We have solidified those recommendations in this bill not just for Puerto Rico, but for the Nation as a whole to make sure there are better checks and balances in the HUBZone program.

I reserve the balance of my time.

Mr. CHABOT. Mr. Chair, I claim time in opposition.

The Acting CHAIR. The gentleman from Ohio is recognized for 5 minutes.

Mr. CHABOT. Mr. Chairman, I rise reluctantly in opposition to the amendment offered by the gentleman from Wisconsin (Mr. DUFFY).

The House Small Business Committee that I happen to chair has jurisdiction over the SBA's HUBZone program. Our committee has not yet had the opportunity to have oversight hearings on the program during this session, and I don't believe it would be prudent to adopt this amendment until the committee has had the opportunity to perform its due diligence.

In discussions with interested parties during the development of this legislation, I suggested language that would require the GAO to issue a report on Small Business Administration programs in Puerto Rico, including contract activities relating to HUBZone small businesses concerns. That language is contained in the underlying text. That report, coupled with committee oversight work, I believe, will ensure that what Congress ultimately does will, in fact, help Puerto Rico's small businesses.

I reserve the balance of my time.

Mr. DUFFY. Mr. Chair, I yield 2½ minutes to the gentleman from Puerto Rico (Mr. PIERLUISI).

Mr. PIERLUISI. Mr. Chairman, I want to begin by thanking Congressman DUFFY for his outstanding work on this bill and on this particular



amendment. I also want to thank Congressman DON YOUNG, a steadfast champion for fair treatment for Puerto Rico who is also a cosponsor of this amendment.

The primary purpose of this amendment is to increase small business activity and promote job creation in Puerto Rico.

The HUBZone program supports economically distressed communities throughout the Nation. If the poverty rate or median income in a census tract meets a certain threshold, it is designated as a qualified census tract. Small businesses located in a qualified census tract can compete for Federal contracts with preference, assuming they meet all other criteria established by law.

However, there is a statutory cap which prevents the combined population of the qualified census tracts within a metropolitan statistical area from exceeding 20 percent of the total population of that area. Although the cap applies nationwide, it has a uniquely negative impact in Puerto Rico. Small firms located in over 60 municipalities in Puerto Rico cannot take advantage of the HUBZone program solely because of the cap. No other U.S. State or territory comes anywhere close to being as adversely affected by the cap as Puerto Rico.

To promote economic development in Puerto Rico, which is absolutely essential if the territory is going to prosper, our amendment would remove the cap for Puerto Rico for 10 years or until the independent oversight board established by the legislation terminates, whichever occurs first. Based on the best available statistics, this amendment ensures that small firms located in over 80 percent of the census tracts in Puerto Rico may be eligible to compete with preference for Federal contracts, which should create additional employment opportunities on the island. The amendment will only extend the HUBZone programs to those census tracts in Puerto Rico that would have qualified for the program in the absence of the cap. So it does not constitute an unwarranted expansion of the HUBZone program.

I urge my colleagues to vote "yes" on this amendment.

Mr. DUFFY. Mr. Chair, who has the right to close?

The Acting CHAIR. The gentleman from Ohio has the right to close.

Mr. DUFFY. Mr. Chair, I appreciate the comments by Chairman CHABOT, and I would just note that I know his committee hasn't had oversight hearings on this issue. The GAO has done extensive studies, and the Small Business Administration has not implemented those recommendations. I think the most salient recommendations made by the GAO have been included in this bill and go a long way to improving the program, but if we are going to fix Puerto Rico, debt restructuring is imperative.

This oversight board is key, but we need economic growth. And I think

this is the right downpayment to help kick-start some economic growth on the island, that the people in Puerto Rico know that we understand that. And we are taking one small step today to show that we are going to help them get from that 20 percent cap to allow 80 percent of the island to access this HUBZone program because we care about growth, we care about opportunity, and we care about jobs on the island.

Mr. Chair, I yield back the balance of my time.

Mr. CHABOT. Mr. Chair, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from Wisconsin (Mr. DUFFY).

The amendment was agreed to.

AMENDMENT NO. 7 OFFERED BY MR. SERRANO

The Acting CHAIR. It is now in order to consider amendment No. 7 printed in House Report 114-610.

Mr. SERRANO. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

At the end of title IV, insert the following:  
**SEC. 411. DETERMINATION ON DEBT.**

Nothing in this Act shall be interpreted to restrict—

(1) the ability of the Puerto Rico Commission for the Comprehensive Audit of the Public Credit to file its reports; or

(2) the review and consideration of the Puerto Rico Commission's findings by Puerto Rico's government or an Oversight Board for Puerto Rico established under section 101.

The Acting CHAIR. Pursuant to House Resolution 770, the gentleman from New York (Mr. SERRANO) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from New York.

Mr. SERRANO. Mr. Chairman, this amendment offered by Ms. VELÁZQUEZ and myself would help clarify that this legislation would not impact the work being done by the Puerto Rico Commission for the Comprehensive Audit of the Public Credit.

This entity, set up by Puerto Rico's Government, is in the process of examining the massive debt that has been accrued by the territory. In a preliminary report, the commission recently found that a small portion of the debt may have been illegally issued by the government of Puerto Rico, and they need to further examine the issue and its implications.

This amendment simply preserves the ability of this commission to continue their work and for either the government or the oversight board to review and consider any findings that the commission might have. The work being done by the commission could significantly assist both the oversight board and the Puerto Rican Government as the island tries to get back on its feet.

I reserve the balance of my time.

Mr. BISHOP of Utah. Mr. Chair, I claim time in opposition, even though I am not opposed to this particular amendment.

The Acting CHAIR. Without objection, the gentleman is recognized for 5 minutes.

There was no objection.

Mr. BISHOP of Utah. Mr. Chair, I want to make it very clear that this particular amendment does not override the authority of the oversight board. But because of that, I do support the amendment, and I urge its adoption.

I yield back the balance of my time.

Mr. SERRANO. Mr. Chair, I yield 3 minutes to the gentlewoman from New York (Ms. VELÁZQUEZ), my sister from Yabucoa, Puerto Rico.

Ms. VELÁZQUEZ. Mr. Chair, I represent New York's Seventh Congressional District.

I rise in strong support of the Serrano-Velázquez amendment. Throughout the course of this entire saga, it has become increasingly clear that Puerto Rico's debt is not fully understood. The island has issued 18 different classes of debt—from general obligation to COFINA, to GDB, to utility bonds. Various local and State laws are involved, and the result is a web of confusion.

To address this, the Puerto Rico Commission for the Comprehensive Audit of the Public Credit was created to examine all of the island's debt, something that is very much needed. The audit will not only inform the people of Puerto Rico, but also, in many ways, will assist the oversight board in carrying out its mission. Analyzing and assessing all of the island's \$70 billion in debt is long overdue.

Recently, the commission released a preliminary report finding that a small, yet significant, amount of the debt may have violated the island's constitution. Such a finding is meaningful and could have ramifications for this legislation's implementation.

Our amendment ensures that the underlying bill will not prevent the commission from finishing its important work while also allowing the local government and the oversight board to consider these findings if they so chose.

In summary, this amendment would allow for much-needed sunlight to be shown on the island's financial situation.

I urge Members to support this amendment.

Mr. SERRANO. Mr. Chair, I urge everyone to vote for the amendment.

I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentleman from New York (Mr. SERRANO).

The amendment was agreed to.

AMENDMENT NO. 8 OFFERED BY MRS. TORRES

The Acting CHAIR. It is now in order to consider amendment No. 8 printed in House Report 114-610.

Mrs. TORRES. Mr. Chairman, I have an amendment at the desk.

The Acting CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Strike section 403 (and redesignate succeeding sections and conform the table of contents accordingly).

The Acting CHAIR. Pursuant to House Resolution 770, the gentlewoman from California (Mrs. TORRES) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from California.

Mrs. TORRES. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill, as it is currently written, allows the minimum wage for workers 25 years and under to be lowered to abysmal \$4.25 for 4 years for as long as the oversight board is in place. It also fails to specify whether this reduction is limited to one 4-year period or if the request can be made over and over again, essentially keeping the lower wage indefinitely.

My amendment would strip this provision from the bill. In today's dollars, American workers haven't had a minimum wage this low since the 1940s. The young men and women of Puerto Rico are American citizens, and they don't deserve to be treated like second-class workers.

These aren't high school students with summer jobs. They are young people setting off on their careers, many of them struggling to pay off student loan debt and become self-sufficient. Lowering the wage only adds insult to injury and sends the wrong statement about whether we value Puerto Ricans as equal Americans.

The island is already experiencing a mass exodus of young people. Lowering wages will only make more young people want to leave, having a detrimental impact on Puerto Rico's current and future workforce, its tax base, and its ability to pay off its debt, ultimately digging them into a deeper hole.

If we want to help Puerto Rico overcome this current crisis, we need to make sure the island is a place where young people can see a future for themselves, start a family, and work to grow a business, not a place that devalues their work and their contributions.

The minimum wage provision in this bill is bad for these young workers and is bad for Puerto Rico.

I urge my colleagues to support my amendment.

I reserve the balance of my time.

Mr. ROE of Tennessee. Mr. Speaker, I claim time in opposition.

The Acting CHAIR. The gentleman is recognized for 5 minutes.

Mr. ROE of Tennessee. Mr. Chair, I respectfully rise in opposition to the amendment by my colleague from California because this is exactly the kind of thinking that led Puerto Rico into the fiscal situation in which they now find themselves.

As we all know, one thing that would help address Puerto Rico's fiscal crisis is a stronger, more vibrant local economy. That is why this legislation in-

cludes a number of provisions aimed at helping local businesses expand and hire new workers. This amendment would strike an entire provision from the bill, a provision that is pro-growth and aimed at revitalizing local businesses and the Puerto Rican economy as a whole.

Section 403 is a provision that will make it easier for young workers to find jobs and start their careers. The legislation gives the Governor of Puerto Rico the authority, subject to the approval of the oversight board, to adjust the minimum wage for new workers under the age of 25. Current law already allows employers to offer what is known as a youth opportunity wage for up to 90 days. This legislation simply extends the time period in Puerto Rico to 4 years, an idea that was first recommended in 2012 by the Federal Reserve Bank of New York, which noted then that younger workers were "in danger of becoming disconnected from the labor market."

This recommended change will support economic growth and provide more job opportunities for the local workforce, particularly younger workers and workers with fewer skills. These are commonsense policies that will help address Puerto Rico's fiscal crisis by supporting a stronger, more prosperous local economy.

For these reasons, I urge my colleagues to oppose this amendment and support the underlying legislation.

I yield back the balance of my time.

Mrs. TORRES. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. GRAYSON).

□ 1745

Mr. GRAYSON. Mr. Chairman, we are talking about a minimum wage of \$4.25 an hour. That is less than \$700 per month. Tell me how anybody can survive anywhere on the island of Puerto Rico on less than \$700 a month. It simply isn't possible. The cost of living in San Juan is no lower than it is in Orlando, or much of the mainland for that matter.

I don't know where you can even find a one-bedroom apartment for \$700 a month that would be worth living in. I don't know how you can pay for lunch and dinner and breakfast for \$700 a month. I don't know how you can find health coverage for \$700 a month. I don't know how you can find transportation to get to that job for \$700 a month. I just don't get it. Any one of these things would be enough to break the budget and put you into bankruptcy if you are only making \$700 a month, and that is before you even have to pay taxes.

What we are doing is we are taking a Spanish-speaking population, 3.5 million of them, and we are condemning them to low wages to the point where 45-year-old men will lose their jobs to 20-year-old sons because the 20-year-old sons are forced to work for only \$4.25.

The Acting CHAIR. The time of the gentleman has expired.

Mrs. TORRES. Mr. Chairman, I yield an additional 30 seconds to the gentleman.

Mr. GRAYSON. This is the lesson that we are teaching those young men and women who we are supposedly trying to help. The lesson is this: hop on an airplane from San Juan to my district in Orlando for \$168, and you can get a 70 percent increase in your wages because that is what the difference is already under current law between what you are talking about, a \$4.25 hourly wage and \$7.25 that you can earn legally—it is actually more than that under State law—in Orlando. That is not teaching people how to work. It is teaching people to disrespect work.

Mrs. TORRES. Mr. Chairman, how much time do I have remaining?

The Acting CHAIR. The gentlewoman has 1½ minutes remaining.

Mrs. TORRES. Mr. Chairman, someone living in Puerto Rico needs to make \$9.25 an hour to afford a one-bedroom apartment. If the wage is lowered to \$4.25, not even two earners could afford to live there.

Mr. Chairman, there is no question that Puerto Rico will need to make sacrifices, but it can't do so on the backs of its young workforce, American citizens. This provision does not fix Puerto Rico's problems, and in the long run, it makes them worse.

I urge my colleagues to support my amendment so that Puerto Rico's recovery doesn't come at the expense of young, hardworking Americans.

Mr. Chairman, I yield back the balance of my time.

The Acting CHAIR. The question is on the amendment offered by the gentlewoman from California (Mrs. TORRES).

The question was taken; and the Acting Chair announced that the noes appeared to have it.

RECORDED VOTE

Mrs. TORRES. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 196, noes 225, not voting 13, as follows:

[Roll No. 287]

AYES—196

Adams	Castor (FL)	DeSaulnier
Aguilar	Castro (TX)	Deutch
Ashford	Chu, Judy	Dingell
Bass	Cicilline	Doggett
Beatty	Clark (MA)	Dold
Becerra	Clarke (NY)	Donovan
Bera	Cleaver	Doyle, Michael
Beyer	Clyburn	F.
Bishop (GA)	Cohen	Duckworth
Blumenauer	Connolly	Edwards
Bonamici	Conyers	Ellison
Bost	Cooper	Engel
Boyle, Brendan	Costa	Eshoo
F.	Costello (PA)	Esty
Brady (PA)	Courtney	Fattah
Brown (FL)	Crowley	Fitzpatrick
Brownley (CA)	Cuellar	Foster
Bustos	Cummings	Frankel (FL)
Butterfield	Davis (CA)	Fudge
Capps	Davis, Danny	Gabbard
Capuano	DeFazio	Gallego
Cárdenas	DeGette	Garamendi
Carney	Delaney	Gibson
Carson (IN)	DeLauro	Graham
Cartwright	DelBene	Grayson

Green, Al  
Green, Gene  
Grijalva  
Gutiérrez  
Hahn  
Hanna  
Hastings  
Heck (WA)  
Higgins  
Himes  
Honda  
Hoyer  
Huffman  
Israel  
Jackson Lee  
Jeffries  
Johnson (GA)  
Johnson, E. B.  
Jolly  
Joyce  
Kaptur  
Katko  
Keating  
Kelly (IL)  
Kennedy  
Kildee  
Kilmer  
Kind  
Kirkpatrick  
Kuster  
Langevin  
Larsen (WA)  
Larson (CT)  
Lawrence  
Lee  
Levin  
Lewis  
Lipinski  
LoBiondo  
Loeback  
Lofgren  
Lowenthal  
Lowe

Lujan Grisham (NM)  
Luján, Ben Ray (NM)  
Lynch  
Maloney,  
Carolyn  
Maloney, Sean  
Matsui  
McCollum  
McDermott  
McGovern  
McNerney  
Meehan  
Meeks  
Meng  
Moore  
Moulton  
Murphy (FL)  
Nadler  
Napolitano  
Neal  
Nolan  
Norcross  
O'Rourke  
Pallone  
Pascrell  
Pelosi  
Perlmutter  
Peters  
Peterson  
Pingree  
Pocan  
Polis  
Price (NC)  
Quigley  
Rangel  
Reed  
Rice (NY)  
Richmond  
Ros-Lehtinen  
Roybal-Allard  
Ruiz

Ruppersberger  
Rush  
Ryan (OH)  
Sánchez, Linda T.  
Sanchez, Loretta  
Sarbanes  
Schakowsky  
Schiff  
Schradler  
Scott (VA)  
Scott, David  
Serrano  
Sewell (AL)  
Sherman  
Sinema  
Slaughter  
Smith (NJ)  
Smith (WA)  
Speier  
Swalwell (CA)  
Takano  
Thompson (CA)  
Thompson (MS)  
Titus  
Tonko  
Pascrell  
Torres  
Tsongas  
Van Hollen  
Vargas  
Veasey  
Vela  
Velázquez  
Visclosky  
Walz  
Wasserman  
Schultz  
Waters, Maxine  
Watson Coleman  
Welch  
Wilson (FL)  
Yarmuth

## NOES—225

Abraham  
Aderholt  
Allen  
Amash  
Amodei  
Babin  
Barr  
Barton  
Benishek  
Bilirakis  
Bishop (MI)  
Bishop (UT)  
Black  
Blackburn  
Blum  
Boustany  
Brady (TX)  
Brat  
Bridenstine  
Brooks (AL)  
Brooks (IN)  
Buchanan  
Buck  
Bucshon  
Burgess  
Byrne  
Calvert  
Carter (GA)  
Carter (TX)  
Chabot  
Chaffetz  
Clawson (FL)  
Coffman  
Cole  
Collins (GA)  
Collins (NY)  
Comstock  
Conaway  
Cook  
Cramer  
Crawford  
Crenshaw  
Culberson  
Curbelo (FL)  
Davidson  
Davis, Rodney  
Denham  
Dent  
DeSantis  
DesJarlais  
Diaz-Balart  
Duffy  
Duncan (SC)  
Duncan (TN)

Ellmers (NC)  
Emmer (MN)  
Farenthold  
Fleischmann  
Fleming  
Flores  
Forbes  
Fortenberry  
Foxy  
Frelinghuysen  
Garrett  
Gibbs  
Gohmert  
Goodlatte  
Gosar  
Gowdy  
Granger  
Graves (GA)  
Graves (LA)  
Graves (MO)  
Griffith  
Grothman  
Guthrie  
Harper  
Harris  
Hartzler  
Heck (NV)  
Hensarling  
Hice, Jody B.  
Hill  
Holding  
Hudson  
Huelskamp  
Huizenga (MI)  
Hultgren  
Hunter  
Hurd (TX)  
Hurt (VA)  
Issa  
Jenkins (KS)  
Jenkins (WV)  
Johnson (OH)  
Johnson, Sam  
Jones  
Jordan  
Kelly (MS)  
Kelly (PA)  
King (IA)  
King (NY)  
Kinzinger (IL)  
Kline  
Knight  
Labrador

LaHood  
LaMalfa  
Lamborn  
Lance  
Latta  
Long  
Loudermill  
Love  
Lucas  
Lummis  
MacArthur  
Marchant  
Marino  
Massie  
McCarthy  
McCauley  
McClintock  
McHenry  
McKinley  
McMorris  
Rodgers  
McSally  
Meadows  
Messer  
Mica  
Miller (FL)  
Miller (MI)  
Moolenaar  
Mooney (WV)  
Mullin  
Mulvaney  
Murphy (PA)  
Neugebauer  
Newhouse  
Noem  
Nugent  
Nunes  
Olson  
Palazzo  
Palmer  
Paulsen  
Pearce  
Perry  
Pittenger  
Pitts  
Poe (TX)  
Poliquin  
Pompeo  
Posey  
Price, Tom  
Ratcliffe  
Reichert  
Renacci  
Ribble

Rice (SC)  
Rigell  
Roby  
Roe (TN)  
Rogers (AL)  
Rogers (KY)  
Rohrabacher  
Rokita  
Rooney (FL)  
Roskam  
Ross  
Rothfus  
Rouzer  
Royce  
Russell  
Salmon  
Sanford  
Scalise  
Schweikert  
Scott, Austin  
Sensenbrenner  
Sessions

Shimkus  
Shuster  
Simpson  
Smith (MO)  
Smith (NE)  
Smith (TX)  
Stefanik  
Stewart  
Stivers  
Stutzman  
Thompson (PA)  
Thornberry  
Tiberi  
Tipton  
Trott  
Turner  
Upton  
Valadao  
Wagner  
Walberg  
Walden  
Walker

## NOT VOTING—13

Barletta  
Clay  
Farr  
Fincher  
Franks (AZ)

Hardy  
Herrera Beutler  
Hinojosa  
Lieu, Ted  
Luetkemeyer

## □ 1811

Messrs. AUSTIN SCOTT of Georgia, NUGENT, and Ms. GRANGER changed their vote from "aye" to "no."

Mr. NOLAN changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The Acting CHAIR. The question is on the amendment in the nature of the substitute, as amended.

The amendment was agreed to.

The Acting CHAIR. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. DOLD) having assumed the chair, Mr. COLLINS of Georgia, Acting Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 5278) to establish an Oversight Board to assist the Government of Puerto Rico, including instrumentalities, in managing its public finances, and for other purposes, and, pursuant to House Resolution 770, he reported the bill back to the House with an amendment adopted in the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the amendment reported from the Committee of the Whole? If not, the question is on adoption of the amendment in the nature of a substitute, as amended.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

## RECORDED VOTE

Mr. BISHOP of Utah. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 5-minute vote on passage will be followed by a 5-minute vote on agreeing to the Speaker's approval of the Journal, if ordered.

The vote was taken by electronic device, and there were—ayes 297, noes 127, not voting 11, as follows:

[Roll No. 288]

## AYES—297

Adams  
Aguilar  
Amodei  
Barton  
Bass  
Beatty  
Benishek  
Bera  
Beyer  
Bishop (GA)  
Bishop (MI)  
Bishop (UT)  
Blumenauer  
Bonamici  
Bost  
Brady (TX)  
Brooks (IN)  
Brown (FL)  
Brownley (CA)  
Buchanan  
Bucshon  
Bustos  
Butterfield  
Byrne  
Calvert  
Capps  
Capuano  
Cárdenas  
Carney  
Carson (IN)  
Carter (GA)  
Cartwright  
Castor (FL)  
Castro (TX)  
Chabot  
Chaffetz  
Chu, Judy  
Cicilline  
Clark (MA)  
Clarke (NY)  
Clay  
Clever  
Clyburn  
Coffman  
Cohen  
Cole  
Collins (GA)  
Collins (NY)  
Comstock  
Conaway  
Connolly  
Conyers  
Cooper  
Costa  
Costello (PA)  
Courtney  
Cramer  
Crenshaw  
Crowley  
Cuellar  
Culberson  
Cummings  
Curbelo (FL)  
Davis (CA)  
DeFazio  
DeGette  
Delaney  
DeLauro  
DelBene  
Denham  
Dent  
DeSaulnier  
Deutch  
Diaz-Balart  
Dingell  
Doggett  
Dold  
Donovan  
Doyle, Michael F.  
Duckworth  
Duffy  
Duncan (TN)

Edwards  
Ellison  
Engel  
Eshoo  
Esty  
Fitzpatrick  
Fortenberry  
Foster  
Foxy  
Frankel (FL)  
Frelinghuysen  
Gallego  
Garamendi  
Garrett  
Gibbs  
Graham  
Granger  
Graves (GA)  
Graves (LA)  
Graves (MO)  
Grayson  
Green, Al  
Green, Gene  
Griffith  
Grijalva  
Grothman  
Guthrie  
Hahn  
Hanna  
Harper  
Harris  
Heck (WA)  
Hensarling  
Higgins  
Hill  
Himes  
Honda  
Hoyer  
Huffman  
Huizenga (MI)  
Hunter  
Hurd (TX)  
Hurt (VA)  
Israel  
Jackson Lee  
Jeffries  
Jenkins (KS)  
Johnson (GA)  
Johnson (OH)  
Johnson, E. B.  
Jolly  
Kaptur  
Katko  
Keating  
Kelly (IL)  
Kennedy  
Kildee  
Kilmer  
Kind  
King (NY)  
Kinzinger (IL)  
Kirkpatrick  
Kline  
Kuster  
Labrador  
LaHood  
LaMalfa  
Langevin  
Larsen (WA)  
Larson (CT)  
Latta  
Lawrence  
Lee  
Levin  
Lewis  
Lipinski  
Loeback  
Lofgren  
Loudermill  
Love  
Lowenthal  
Lowe

Lucas  
Lujan Grisham (NM)  
Luján, Ben Ray (NM)  
Lummis  
MacArthur  
Maloney,  
Carolyn  
Maloney, Sean  
Marchant  
Matsui  
McCarthy  
McCauley  
McCollum  
McDermott  
McGovern  
McHenry  
McKinley  
McNerney  
McSally  
Meeks  
Meng  
Moolenaar  
Moore  
Moulton  
Murphy (FL)  
Murphy (PA)  
Nadler  
Napolitano  
Neal  
Noem  
Nugent  
Nunes  
O'Rourke  
Pallone  
Pascrell  
Paulsen  
Pelosi  
Perlmutter  
Peters  
Pingree  
Price (NC)  
Price, Tom  
Quigley  
Rangel  
Reichert  
Ribble  
Rice (NY)  
Rice (SC)  
Roby  
Roe (TN)  
Rogers (KY)  
Rokita  
Ros-Lehtinen  
Roskam  
Ross  
Rothfus  
Roybal-Allard  
Royce  
Ruiz  
Ruppersberger  
Russell  
Ryan (WI)  
Salmon  
Sánchez, Linda T.  
Sanchez, Loretta  
Sarbanes  
Scalise  
Schiff  
Schradler  
Schweikert  
Scott (VA)  
Scott, David  
Sensenbrenner  
Serrano

Sessions	Thompson (PA)	Walters, Mimi
Sewell (AL)	Thornberry	Watson Coleman
Sherman	Tipton	Webster (FL)
Shimkus	Titus	Welch
Simpson	Tonko	Wenstrup
Sinema	Trott	Westerman
Slaughter	Tsongas	Whitfield
Smith (NE)	Turner	Williams
Smith (NJ)	Upton	Wilson (FL)
Smith (WA)	Valadao	Wilson (SC)
Stefanik	Van Hollen	Womack
Stewart	Veasey	Woodall
Stivers	Velázquez	Yarmuth
Stutzman	Visclosky	Young (AK)
Swalwell (CA)	Wagner	Young (IA)
Takano	Walden	Young (IN)
Thompson (CA)	Walker	Young (IN)
Thompson (MS)	Walorski	Zinke

NOES—127

Abraham	Gosar	Norcross
Aderholt	Gowdy	Olson
Allen	Guinta	Palazzo
Amash	Gutiérrez	Palmer
Ashford	Hartzler	Pearce
Babin	Hastings	Perry
Barr	Heck (NV)	Peterson
Becerra	Hice, Jody B.	Poe (TX)
Bilirakis	Holding	Poliquin
Black	Hudson	Pompeo
Blackburn	Huelskamp	Ratcliffe
Blum	Hultgren	Reed
Boustany	Issa	Renacci
Boyle, Brendan F.	Jenkins (WV)	Richmond
Brady (PA)	Johnson, Sam	Rigell
Brat	Jones	Rogers (AL)
Bridenstine	Jordan	Rohrabacher
Brooks (AL)	Joyce	Kelly (MS)
Buck	Kelly (PA)	Rouzer
Burgess	King (IA)	Rush
Carter (TX)	Knight	Ryan (OH)
Clawson (FL)	Lamborn	Sanford
Cook	Lance	Schakowsky
Crawford	LoBiondo	Shuster
Davidson	Long	Smith (MO)
Davis, Danny	Lynch	Smith (TX)
Davis, Rodney	Marino	Speier
DeSantis	Massie	Tiberi
DesJarlais	McClintock	Torres
Duncan (SC)	McMorris	Vargas
Ellmers (NC)	Rodgers	Vela
Emmer (MN)	Meadows	Walberg
Farenthold	Meehan	Walz
Fattah	Messer	Wasserman
Fleischmann	Mica	Schultz
Fleming	Miller (FL)	Waters, Maxine
Flores	Miller (MI)	Weber (TX)
Forbes	Mooney (WV)	Westmoreland
Franks (AZ)	Mullin	Wittman
Fudge	Mulvaney	Yoder
Gibson	Neugebauer	Yoho
Gohmert	Newhouse	Zeldin
Goodlatte	Nolan	

NOT VOTING—11

Barletta	Herrera Beutler	Payne
Farr	Hinojosa	Sires
Fincher	Lieu, Ted	Takai
Hardy	Luetkemeyer	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes remaining.

□ 1820

Mr. ASHFORD changed his vote from “aye” to “no.”

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. HARDY. Mr. Speaker, on rollcall No. 283—I would have voted “yes.” Rollcall No. 284—I would have voted “yes.” Rollcall No. 285—I would have voted “yes.” Rollcall No. 286—I would have voted “yes.” Rollcall No. 287—I would have voted “no.” Rollcall No. 288—I would have voted “no.”

THE JOURNAL

The SPEAKER pro tempore. The unfinished business is the question on agreeing to the Speaker’s approval of the Journal, which the Chair will put de novo.

The question is on the Speaker’s approval of the Journal.

Pursuant to clause 1, rule I, the Journal stands approved.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN EN-GROSSMENT OF H.R. 5278, PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT

Mr. BISHOP of Utah. Mr. Speaker, I ask unanimous consent that in the engrossment of H.R. 5278, the Clerk be authorized to correct section numbers, punctuation, and cross-references and to make such other technical and conforming changes as may be necessary to accurately reflect the actions of the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

DIRECTING THE SECRETARY OF THE SENATE TO MAKE TECHNICAL CORRECTIONS IN THE ENROLLMENT OF S. 2328

Mr. BISHOP of Utah. Mr. Speaker, I send to the desk a concurrent resolution and ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

The text of the concurrent resolution is as follows:

H. CON. RES. 135

*Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill S. 2328, the Secretary of the Senate shall make the following correction: Amend the long title so as to read “An Act to establish an Oversight Board to assist the Government of Puerto Rico, including instrumentalities, in managing its public finances, and for other purposes.”*

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

COMMUNICATION FROM THE CHIEF ADMINISTRATIVE OFFICER OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Chief Administrative Officer of the House of Representatives:

OFFICE OF THE CHIEF ADMINISTRATIVE OFFICER, HOUSE OF REPRESENTATIVES,  
Washington, DC, June 8, 2016.

Hon. PAUL D. RYAN,  
Speaker, House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER: This is to notify you formally pursuant to Rule VIII of the Rules

of the House of Representatives that I have been served with a grand jury subpoena for documents, issued by the United States District Court for the Middle District of Florida.

After consultation with the Office of General Counsel, I have determined that compliance with the subpoena is consistent with the privileges and rights of the House.

Sincerely,

WILL PLASTER,  
Chief Administrative Officer.

LEGISLATIVE BRANCH APPROPRIATIONS ACT, 2017

GENERAL LEAVE

Mr. GRAVES of Georgia. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 5325, and that I may include tabular material on the same.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 771 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 5325.

The Chair appoints the gentleman from Louisiana (Mr. GRAVES) to preside over the Committee of the Whole.

□ 1828

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5325) making appropriations for the Legislative Branch for the fiscal year ending September 30, 2017, and for other purposes, with Mr. GRAVES of Louisiana in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Georgia (Mr. GRAVES) and the gentlewoman from Florida (Ms. WASSERMAN SCHULTZ) each will control 30 minutes.

The Chair recognizes the gentleman from Georgia.

Mr. GRAVES of Georgia. Mr. Chairman, I yield myself such time as I may consume.

The overarching goal of the bill we are considering here today is to ensure that we continue to preserve the beauty, enhance the security, and improve the institutions of the United States Capitol complex. I am glad to report that we have accomplished our mission, and we have done it in a way that respects taxpayers. By making tough choices, this bill demonstrates the great work that Congress can do even during a time of lean budgets.

The American people will be proud to know that this bill continues to use a zero-based budgeting approach. That means each legislative branch agency was required to justify its budget from scratch. This practice curbs wasteful