

114TH CONGRESS
2^D SESSION

H. R. 5278

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.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the
 3 “Puerto Rico Oversight, Management, and Economic Sta-
 4 bility Act” or “PROMESA”.

5 (b) TABLE OF CONTENTS.—The table of contents of
 6 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
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- 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.
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- Sec. 107. Budget and funding for operation of Oversight Board.
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- Sec. 109. Ethics.

TITLE II—RESPONSIBILITIES OF OVERSIGHT BOARD

- Sec. 201. Approval of fiscal plans.
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- Sec. 203. Effect of finding of noncompliance with budget.
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- Sec. 205. Recommendations on financial stability and management responsi-
bility.
- Sec. 206. Oversight Board duties related to restructuring.
- Sec. 207. Oversight Board authority related to debt issuance.
- Sec. 208. Required reports.
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- 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 in-
strumentalities.
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- Sec. 305. Limitation on jurisdiction and powers of court.
- Sec. 306. Jurisdiction.
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- Sec. 313. Modification of plan.
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- Sec. 316. Compensation of professionals.
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- Sec. 401. Rules of construction.
- Sec. 402. Right of Puerto Rico to determine its future political status.
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- Sec. 404. Application of regulation to Puerto Rico.
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- Sec. 406. Purchases by territory governments.
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- 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.
- Sec. 411. Report on territorial debt.
- Sec. 412. Expansion of HUBZones in Puerto Rico.
- Sec. 413. Determination on debt.

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.

1 **SEC. 2. EFFECTIVE DATE.**

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

5 (b) TITLE III AND TITLE VI.—

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

9 (2) Titles III and VI shall apply with respect to
10 debts, claims, and liens (as such terms are defined
11 in section 101 of title 11, United States Code) cre-
12 ated before, on, or after such date.

13 **SEC. 3. SEVERABILITY.**

14 (a) IN GENERAL.—Except as provided in subsection
15 (b), if any provision of this Act or the application thereof
16 to any person or circumstance is held invalid, the remain-
17 der of this Act, or the application of that provision to per-
18 sons or circumstances other than those as to which it is
19 held invalid, is not affected thereby, provided that title III
20 is not severable from titles I and II, and titles I and II
21 are not severable from title III.

22 (b) UNIFORMITY.—If a court holds invalid any provi-
23 sion of this Act or the application thereof on the ground
24 that the provision fails to treat similarly situated terri-
25 tories uniformly, then the court shall, in granting a rem-
26 edy, order that the provision of this Act or the application

1 thereof be extended to any other similarly situated terri-
2 tory, provided that the legislature of that territory adopts
3 a resolution signed by the territory's governor requesting
4 the establishment and organization of a Financial Over-
5 sight and Management Board pursuant to section 101.

6 **SEC. 4. SUPREMACY.**

7 The provisions of this Act shall prevail over any gen-
8 eral or specific provisions of territory law, State law, or
9 regulation that is inconsistent with this Act.

10 **SEC. 5. DEFINITIONS.**

11 In this Act—

12 (1) **AGREED ACCOUNTING STANDARDS.**—The
13 term “agreed accounting standards” means modified
14 accrual accounting standards or, for any period dur-
15 ing which the Oversight Board determines in its sole
16 discretion that a territorial government is not rea-
17 sonably capable of comprehensive reporting that
18 complies with modified accrual accounting stand-
19 ards, such other accounting standards as proposed
20 by the Oversight Board.

21 (2) **BOND.**—The term “Bond” means a bond,
22 loan, letter of credit, other borrowing title, obligation
23 of insurance, or other financial indebtedness for bor-
24 rowed money, including rights, entitlements, or obli-
25 gations whether such rights, entitlements, or obliga-

1 tions arise from contract, statute, or any other
2 source of law, in any case, related to such a bond,
3 loan, letter of credit, other borrowing title, obligation
4 of insurance, or other financial indebtedness in phys-
5 ical or dematerialized form of which the issuer, obli-
6 gor, or guarantor is the territorial government.

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

9 (A) right to payment, whether or not such
10 right is reduced to judgment, liquidated, unliq-
11 uidated, fixed, contingent, matured, unmatured,
12 disputed, undisputed, legal, equitable, secured,
13 or unsecured; or

14 (B) right to an equitable remedy for
15 breach of performance if such breach gives rise
16 to a right to payment, whether or not such
17 right to an equitable remedy is reduced to judg-
18 ment, fixed, contingent, matured, unmatured,
19 disputed, undisputed, secured, or unsecured.

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

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

1 (6) COMPLIANT BUDGET.—The term “compli-
2 ant budget” means a budget that is prepared in ac-
3 cordance with—

4 (A) agreed accounting standards; and

5 (B) the applicable Fiscal Plan.

6 (7) COVERED TERRITORIAL INSTRUMEN-
7 TALITY.—The term “covered territorial instrumen-
8 tality” means a territorial instrumentality des-
9 ignated by the Oversight Board pursuant to section
10 101 to be subject to the requirements of this Act.

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

14 (9) EXECUTIVE DIRECTOR.—The term “Execu-
15 tive Director” means an Executive Director ap-
16 pointed under section 103(a).

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

20 (11) GOVERNMENT OF PUERTO RICO.—The
21 term “Government of Puerto Rico” means the Com-
22 monwealth of Puerto Rico, including all its terri-
23 torial instrumentalities.

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

1 (13) INSTRUMENTALITY BUDGET.—The term
2 “Instrumentality Budget” means a budget for a cov-
3 ered territorial instrumentality, designated by the
4 Oversight Board in accordance with section 101,
5 submitted, approved, and certified in accordance
6 with section 202.

7 (14) INSTRUMENTALITY FISCAL PLAN.—The
8 term “Instrumentality Fiscal Plan” means a fiscal
9 plan for a covered territorial instrumentality, des-
10 ignated by the Oversight Board in accordance with
11 section 101, submitted, approved, and certified in
12 accordance with section 201.

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

16 (16) MODIFIED ACCRUAL ACCOUNTING STAND-
17 ARDS.—The term “modified accrual accounting
18 standards” means recognizing revenues as they be-
19 come available and measurable and recognizing ex-
20 penditures when liabilities are incurred, in each case
21 as defined by the Governmental Accounting Stand-
22 ards Board, in accordance with generally accepted
23 accounting principles.

24 (17) OVERSIGHT BOARD.—The term “Oversight
25 Board” means a Financial Oversight and Manage-

1 ment Board established in accordance with section
2 101.

3 (18) TERRITORIAL GOVERNMENT.—The term
4 “territorial government” means the government of a
5 covered territory, including all covered territorial in-
6 strumentalities.

7 (19) TERRITORIAL INSTRUMENTALITY.—

8 (A) IN GENERAL.—The term “territorial
9 instrumentality” means any political subdivi-
10 sion, public agency, instrumentality—including
11 any instrumentality that is also a bank—or
12 public corporation of a territory, and this term
13 should be broadly construed to effectuate the
14 purposes of this Act.

15 (B) EXCLUSION.—The term “territorial in-
16 strumentality” does not include an Oversight
17 Board.

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

20 (A) Puerto Rico;

21 (B) Guam;

22 (C) American Samoa;

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

25 (E) the United States Virgin Islands.

1 (21) TERRITORY BUDGET.—The term “Terri-
2 tory Budget” means a budget for a territorial gov-
3 ernment submitted, approved, and certified in ac-
4 cordance with section 202.

5 (22) TERRITORY FISCAL PLAN.—The term
6 “Territory Fiscal Plan” means a fiscal plan for a
7 territorial government submitted, approved, and cer-
8 tified in accordance with section 201.

9 **SEC. 6. PLACEMENT.**

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

12 **SEC. 7. COMPLIANCE WITH FEDERAL LAWS.**

13 Except as otherwise provided in this Act, nothing in
14 this Act shall be construed as impairing or in any manner
15 relieving a territorial government, or any territorial instru-
16 mentality thereof, from compliance with Federal laws or
17 requirements or territorial laws and requirements imple-
18 menting a federally authorized or federally delegated pro-
19 gram protecting the health, safety, and environment of
20 persons in such territory.

1 **TITLE I—ESTABLISHMENT AND**
2 **ORGANIZATION OF OVER-**
3 **SIGHT BOARD**

4 **SEC. 101. FINANCIAL OVERSIGHT AND MANAGEMENT**
5 **BOARD.**

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

9 (b) ESTABLISHMENT.—

10 (1) PUERTO RICO.—A Financial Oversight and
11 Management Board is hereby established for Puerto
12 Rico.

13 (2) CONSTITUTIONAL BASIS.—The Congress en-
14 acts this Act pursuant to article IV, section 3 of the
15 Constitution of the United States, which provides
16 Congress the power to dispose of and make all need-
17 ful rules and regulations for territories.

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

20 (1) shall be created as an entity within the ter-
21 ritorial government for which it is established in ac-
22 cordance with this title; and

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

1 (d) OVERSIGHT OF TERRITORIAL INSTRUMENTAL-
2 ITIES.—

3 (1) DESIGNATION.—

4 (A) IN GENERAL.—An Oversight Board, in
5 its sole discretion at such time as the Oversight
6 Board determines to be appropriate, may des-
7 ignate any territorial instrumentality as a cov-
8 ered territorial instrumentality that is subject
9 to the requirements of this Act.

10 (B) BUDGETS AND REPORTS.—The Over-
11 sight Board may require, in its sole discretion,
12 the Governor to submit to the Oversight Board
13 such budgets and monthly or quarterly reports
14 regarding a covered territorial instrumentality
15 as the Oversight Board determines to be nec-
16 essary and may designate any covered terri-
17 torial instrumentality to be included in the Ter-
18 ritory Budget; except that the Oversight Board
19 may not designate a covered territorial instru-
20 mentality to be included in the Territory Budg-
21 et if applicable territory law does not require
22 legislative approval of such covered territorial
23 instrumentality's budget.

24 (C) SEPARATE INSTRUMENTALITY BUDG-
25 ETS AND REPORTS.—The Oversight Board in

1 its sole discretion may or, if it requires a budg-
2 et from a covered territorial instrumentality
3 whose budget does not require legislative ap-
4 proval under applicable territory law, shall des-
5 ignate a covered territorial instrumentality to
6 be the subject of an Instrumentality Budget
7 separate from the applicable Territory Budget
8 and require that the Governor develop such an
9 Instrumentality Budget.

10 (D) INCLUSION IN TERRITORY FISCAL
11 PLAN.—The Oversight Board may require, in
12 its sole discretion, the Governor to include a
13 covered territorial instrumentality in the appli-
14 cable Territory Fiscal Plan. Any covered terri-
15 torial instrumentality submitting a separate In-
16 strumentality Fiscal Plan must also submit a
17 separate Instrumentality Budget.

18 (E) SEPARATE INSTRUMENTALITY FISCAL
19 PLANS.—The Oversight Board may designate,
20 in its sole discretion, a covered territorial in-
21 strumentality to be the subject of an Instru-
22 mentality Fiscal Plan separate from the appli-
23 cable Territory Fiscal Plan and require that the
24 Governor develop such an Instrumentality Fis-
25 cal Plan. Any covered territorial instrumentality

1 submitting a separate Instrumentality Fiscal
2 Plan shall also submit a separate Instrumen-
3 tality Budget.

4 (2) EXCLUSION.—

5 (A) IN GENERAL.—An Oversight Board, in
6 its sole discretion, at such time as the Oversight
7 Board determines to be appropriate, may ex-
8 clude any territorial instrumentality from the
9 requirements of this Act.

10 (B) TREATMENT.—A territorial instrumen-
11 tality excluded pursuant to this paragraph shall
12 not be considered to be a covered territorial in-
13 strumentality.

14 (e) MEMBERSHIP.—

15 (1) IN GENERAL.—

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

20 (B) The Board shall be comprised of one
21 Category A member, one Category B member,
22 two Category C members, one Category D
23 member, one Category E member, and one Cat-
24 egory F member.

25 (2) APPOINTED MEMBERS.—

1 (A) The President shall appoint the indi-
2 vidual members of the Oversight Board, of
3 which—

4 (i) the Category A member should be
5 selected from a list of individuals sub-
6 mitted by the Speaker of the House of
7 Representatives;

8 (ii) the Category B member should be
9 selected from a separate, non-overlapping
10 list of individuals submitted by the Speak-
11 er of the House of Representatives;

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

15 (iv) the Category D member should be
16 selected from a list submitted by the Mi-
17 nority Leader of the House of Representa-
18 tives;

19 (v) the Category E member should be
20 selected from a list submitted by the Mi-
21 nority Leader of the Senate; and

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

1 (B) After the President's selection of the
2 Category F Board member, for purposes of sub-
3 paragraph (A) and within a timely manner—

4 (i) the Speaker of the House of Rep-
5 resentatives shall submit two non-overlap-
6 ping lists of at least three individuals to
7 the President; one list shall include three
8 individuals who maintain a primary resi-
9 dence in the territory or have a primary
10 place of business in the territory;

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

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

18 (iv) the Minority Leader of the Senate
19 shall submit a list of at least three individ-
20 uals to the President.

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

1 (D) The Category A member shall main-
2 tain a primary residence in the territory or have
3 a primary place of business in the territory.

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

11 (F) In the event of a vacancy of a Cat-
12 egory A, B, C, D, or E Board seat, the cor-
13 responding congressional leader referenced in
14 subparagraph (A) shall submit a list pursuant
15 to this subsection within a timely manner of the
16 Board member's resignation or removal becom-
17 ing effective.

18 (G) With respect to an Oversight Board
19 for Puerto Rico, in the event any of the 7 mem-
20 bers have not been appointed by September 1,
21 2016, then the President shall appoint an indi-
22 vidual from the list for the current vacant cat-
23 egory by September 15, 2016, provided that
24 such list includes at least 2 individuals per va-
25 cancy who meet the requirements set forth in

1 subsection (f) and section 109, and are willing
2 to serve.

3 (3) EX OFFICIO MEMBER.—The Governor, or
4 the Governor’s designee, shall be an ex officio mem-
5 ber of the Oversight Board without voting rights.

6 (4) CHAIR.—The voting members of the Over-
7 sight Board shall designate one of the voting mem-
8 bers of the Oversight Board as the Chair of the
9 Oversight Board (referred to hereafter in this Act as
10 the “Chair”) within 30 days of the full appointment
11 of the Oversight Board.

12 (5) TERM OF SERVICE.—

13 (A) IN GENERAL.—Each appointed mem-
14 ber of the Oversight Board shall be appointed
15 for a term of 3 years.

16 (B) REMOVAL.—The President may re-
17 move any member of the Oversight Board only
18 for cause.

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

24 (D) REAPPOINTMENT.—An individual may
25 serve consecutive terms as an appointed mem-

1 ber, provided that such reappointment occurs in
2 compliance with paragraph (6).

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

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

9 (1) has knowledge and expertise in finance, mu-
10 nicipal bond markets, management, law, or the orga-
11 nization or operation of business or government; and

12 (2) prior to appointment, an individual is not
13 an officer, elected official, or employee of the terri-
14 torial government, a candidate for elected office of
15 the territorial government, or a former elected offi-
16 cial of the territorial government.

17 (g) NO COMPENSATION FOR SERVICE.—Members of
18 the Oversight Board shall serve without pay, but may re-
19 ceive reimbursement from the Oversight Board for any
20 reasonable and necessary expenses incurred by reason of
21 service on the Oversight Board.

22 (h) ADOPTION OF BYLAWS FOR CONDUCTING BUSI-
23 NESS OF OVERSIGHT BOARD.—

24 (1) IN GENERAL.—As soon as practicable after
25 the appointment of all members and appointment of

1 the Chair, the Oversight Board shall adopt bylaws,
2 rules, and procedures governing its activities under
3 this Act, including procedures for hiring experts and
4 consultants. Such bylaws, rules, and procedures shall
5 be public documents, and shall be submitted by the
6 Oversight Board upon adoption to the Governor, the
7 Legislature, the President, and Congress. The Over-
8 sight Board may hire professionals as it determines
9 to be necessary to carry out this Act.

10 (2) ACTIVITIES REQUIRING APPROVAL OF MA-
11 JORITY OF MEMBERS.—Under the bylaws adopted
12 pursuant to paragraph (1), the Oversight Board
13 may conduct its operations under such procedures as
14 it considers appropriate, except that an affirmative
15 vote of a majority of the members of the Oversight
16 Board’s full appointed membership shall be required
17 in order for the Oversight Board to approve a Fiscal
18 Plan under section 201, to approve a Budget under
19 section 202, to cause a legislative act not to be en-
20 forced under section 204, or to approve or dis-
21 approve an infrastructure project as a Critical
22 Project under section 503.

23 (3) ADOPTION OF RULES AND REGULATIONS OF
24 TERRITORIAL GOVERNMENT.—The Oversight Board
25 may incorporate in its bylaws, rules, and procedures

1 under this subsection such rules and regulations of
2 the territorial government as it considers appro-
3 priate to enable it to carry out its activities under
4 this Act with the greatest degree of independence
5 practicable.

6 (4) EXECUTIVE SESSION.—Upon a majority
7 vote of the Oversight Board’s full voting member-
8 ship, the Oversight Board may conduct its business
9 in an executive session that consists solely of the
10 Oversight Board’s voting members and any profes-
11 sionals the Oversight Board determines necessary
12 and is closed to the public, but only for the business
13 items set forth as part of the vote to convene an ex-
14 ecutive session.

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

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

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

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

8 (b) STAFF.—With the approval of the Chair, the Ex-
9 ecutive Director may appoint and fix the pay of additional
10 personnel as the Executive Director considers appropriate,
11 except that no individual appointed by the Executive Di-
12 rector may be paid at a rate greater than the rate of pay
13 for the Executive Director unless the Oversight Board pro-
14 vides for otherwise. The staff shall include a Revitalization
15 Coordinator appointed pursuant to Title V of this Act.
16 Any such personnel may include private citizens, employ-
17 ees of the Federal Government, or employees of the terri-
18 torial government, provided, however, that the Executive
19 Director may not fix the pay of employees of the Federal
20 Government or the territorial government.

21 (c) INAPPLICABILITY OF CERTAIN EMPLOYMENT
22 AND PROCUREMENT LAWS.—The Executive Director and
23 staff of the Oversight Board may be appointed and paid
24 without regard to any provision of the laws of the covered
25 territory or the Federal Government governing appoint-
26 ments and salaries. Any provision of the laws of the cov-

1 ered territory governing procurement shall not apply to
2 the Oversight Board.

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

10 (e) STAFF OF TERRITORIAL GOVERNMENT.—Upon
11 request of the Chair, the head of any department or agen-
12 cy of the covered territory may detail, on a reimbursable
13 or nonreimbursable basis, any of the personnel of that de-
14 partment or agency to the Oversight Board to assist it
15 in carrying out its duties under this Act.

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

17 (a) HEARINGS AND SESSIONS.—The Oversight Board
18 may, for the purpose of carrying out this Act, hold hear-
19 ings, sit and act at times and places, take testimony, and
20 receive evidence as the Oversight Board considers appro-
21 priate. The Oversight Board may administer oaths or af-
22 firmations to witnesses appearing before it.

23 (b) POWERS OF MEMBERS AND AGENTS.—Any mem-
24 ber or agent of the Oversight Board may, if authorized

1 by the Oversight Board, take any action that the Over-
2 sight Board is authorized to take by this section.

3 (c) OBTAINING OFFICIAL DATA.—

4 (1) FROM FEDERAL GOVERNMENT.—Notwith-
5 standing sections 552 (commonly known as the
6 Freedom of Information Act), 552a (commonly
7 known as the Privacy Act of 1974), and 552b (com-
8 monly known as the Government in the Sunshine
9 Act) of title 5, United States Code, the Oversight
10 Board may secure directly from any department or
11 agency of the United States information necessary
12 to enable it to carry out this Act, with the approval
13 of the head of that department or agency.

14 (2) FROM TERRITORIAL GOVERNMENT.—Not-
15 withstanding any other provision of law, the Over-
16 sight Board shall have the right to secure copies,
17 whether written or electronic, of such records, docu-
18 ments, information, data, or metadata from the ter-
19 ritorial government necessary to enable the Over-
20 sight Board to carry out its responsibilities under
21 this Act. At the request of the Oversight Board, the
22 Oversight Board shall be granted direct access to
23 such information systems, records, documents, infor-
24 mation, or data as will enable the Oversight Board
25 to carry out its responsibilities under this Act. The

1 head of the entity of the territorial government re-
2 sponsible shall provide the Oversight Board with
3 such information and assistance (including granting
4 the Oversight Board direct access to automated or
5 other information systems) as the Oversight Board
6 requires under this paragraph.

7 (d) OBTAINING CREDITOR INFORMATION.—

8 (1) Upon request of the Oversight Board, each
9 creditor or organized group of creditors of a covered
10 territory or covered territorial instrumentality seek-
11 ing to participate in voluntary negotiations shall pro-
12 vide to the Oversight Board, and the Oversight
13 Board shall make publicly available to any other
14 participant, a statement setting forth—

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

18 (B) the nature and aggregate amount of
19 claims or other economic interests held in rela-
20 tion to the issuer as of the later of—

21 (i) the date the creditor acquired the
22 claims or other economic interests or, in
23 the case of an organized group of credi-
24 tors, the date the group was formed; or

1 (ii) the date the Oversight Board was
2 formed.

3 (2) For purposes of this subsection, an orga-
4 nized group shall mean multiple creditors that are—

5 (A) acting in concert to advance their com-
6 mon interests, including, but not limited to, re-
7 taining legal counsel to represent such multiple
8 entities; and

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

11 (3) The Oversight Board may request supple-
12 mental statements to be filed by each creditor or or-
13 ganized group of creditors quarterly, or if any fact
14 in the most recently filed statement has changed
15 materially.

16 (e) GIFTS, BEQUESTS, AND DEVICES.—The Over-
17 sight Board may accept, use, and dispose of gifts, be-
18 quests, or devises of services or property, both real and
19 personal, for the purpose of aiding or facilitating the work
20 of the Oversight Board. Gifts, bequests, or devises of
21 money and proceeds from sales of other property received
22 as gifts, bequests, or devises shall be deposited in such
23 account as the Oversight Board may establish and shall
24 be available for disbursement upon order of the Chair,
25 consistent with the Oversight Board’s bylaws, or rules and

1 procedures. All gifts, bequests or devises and the identities
2 of the donors shall be publicly disclosed by the Oversight
3 Board within 30 days of receipt.

4 (f) SUBPOENA POWER.—

5 (1) IN GENERAL.—The Oversight Board may
6 issue subpoenas requiring the attendance and testi-
7 mony of witnesses and the production of books,
8 records, correspondence, memoranda, papers, docu-
9 ments, electronic files, metadata, tapes, and mate-
10 rials of any nature relating to any matter under in-
11 vestigation by the Oversight Board. Jurisdiction to
12 compel the attendance of witnesses and the produc-
13 tion of such materials shall be governed by the stat-
14 ute setting forth the scope of personal jurisdiction
15 exercised by the covered territory, or in the case of
16 Puerto Rico, 32 L.P.R.A. App. III. R. 4. 7., as
17 amended.

18 (2) FAILURE TO OBEY A SUBPOENA.—If a per-
19 son refuses to obey a subpoena issued under para-
20 graph (1), the Oversight Board may apply to the
21 court of first instance of the covered territory. Any
22 failure to obey the order of the court may be pun-
23 ished by the court in accordance with civil contempt
24 laws of the covered territory.

1 (3) SERVICE OF SUBPOENAS.—The subpoena of
2 the Oversight Board shall be served in the manner
3 provided by the rules of procedure for the courts of
4 the covered territory, or in the case of Puerto Rico,
5 the Rules of Civil Procedure of Puerto Rico, for sub-
6 poenas issued by the court of first instance of the
7 covered territory.

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

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

23 (i) VOLUNTARY AGREEMENT CERTIFICATION.—

24 (1) IN GENERAL.—The Oversight Board shall
25 issue a certification to a covered territory or covered

1 territorial instrumentality if the Oversight Board de-
2 termines, in its sole discretion, that such covered
3 territory or covered territorial instrumentality, as
4 applicable, has successfully reached a voluntary
5 agreement with holders of its Bond Claims to re-
6 structure such Bond Claims—

7 (A) except as provided in subparagraph
8 (C), if an applicable Fiscal Plan has been cer-
9 tified, in a manner that provides for a sustain-
10 able level of debt for such covered territory or
11 covered territorial instrumentality, as applica-
12 ble, and is in conformance with the applicable
13 certified Fiscal Plan;

14 (B) except as provided in subparagraph
15 (C), if an applicable Fiscal Plan has not yet
16 been certified, in a manner that provides, in the
17 Oversight Board’s sole discretion, for a sustain-
18 able level of debt for such covered territory or
19 covered territorial instrumentality; or

20 (C) notwithstanding subparagraphs (A)
21 and (B), if an applicable Fiscal Plan has not
22 yet been certified and the voluntary agreement
23 is limited solely to an extension of applicable
24 principal maturities and interest on Bonds
25 issued by such covered territory or covered ter-

1 territorial instrumentality, as applicable, for a pe-
2 riod of up to one year during which time no in-
3 terest will be paid on the Bond Claims affected
4 by the voluntary agreement.

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

8 (A) the Oversight Board delivering the cer-
9 tification described in paragraph (1); and

10 (B) the agreement of a majority in amount
11 of the Bond Claims of a covered territory or a
12 covered territorial instrumentality that are to be
13 affected by such agreement, provided, however,
14 that such agreement is solely for purposes of
15 serving as a Qualifying Modification pursuant
16 to subsection 601(g) of this Act and shall not
17 alter existing legal rights of holders of Bond
18 Claims against such covered territory or covered
19 territorial instrumentality that have not as-
20 sented to such agreement until an order approv-
21 ing the Qualifying Modification has been en-
22 tered pursuant to section 601(m)(1)(D) of this
23 Act.

24 (3) PREEXISTING VOLUNTARY AGREEMENTS.—
25 Any voluntary agreement that the territorial govern-

1 ment or any territorial instrumentality has executed
2 before May 18, 2016, with holders of a majority in
3 amount of Bond Claims that are to be affected by
4 such agreement to restructure such Bond Claims
5 shall be deemed to be in conformance with the re-
6 quirements of this subsection.

7 (j) RESTRUCTURING FILINGS.—

8 (1) IN GENERAL.—Subject to paragraph (3),
9 before taking an action described in paragraph (2)
10 on behalf of a debtor or potential debtor in a case
11 under title III, the Oversight Board must certify the
12 action.

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

15 (A) the filing of a petition; or

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

18 (3) CONDITION FOR PLANS OF ADJUSTMENT.—

19 The Oversight Board may certify a plan of adjust-
20 ment only if it determines, in its sole discretion, that
21 it is consistent with the applicable certified Fiscal
22 Plan.

23 (k) CIVIL ACTIONS TO ENFORCE POWERS.—The
24 Oversight Board may seek judicial enforcement of its au-
25 thority to carry out its responsibilities under this Act.

1 (1) PENALTIES.—

2 (1) ACTS PROHIBITED.—Any officer or em-
3 ployee of the territorial government who prepares,
4 presents, or certifies any information or report for
5 the Oversight Board or any of its agents that is in-
6 tentiously false or misleading, or, upon learning
7 that any such information is false or misleading,
8 fails to immediately advise the Oversight Board or
9 its agents thereof in writing, shall be subject to
10 prosecution and penalties under any laws of the ter-
11 ritory prohibiting the provision of false information
12 to government officials, which in the case of Puerto
13 Rico shall include 33 L.P.R.A. 4889, as amended.

14 (2) ADMINISTRATIVE DISCIPLINE.—In addition
15 to any other applicable penalty, any officer or em-
16 ployee of the territorial government who knowingly
17 and willfully violates paragraph (1) or takes any
18 such action in violation of any valid order of the
19 Oversight Board or fails or refuses to take any ac-
20 tion required by any such order, shall be subject to
21 appropriate administrative discipline, including
22 (when appropriate) suspension from duty without
23 pay or removal from office, by order of the Gov-
24 ernor.

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

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

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

19 (o) INVESTIGATION OF DISCLOSURE AND SELLING
20 PRACTICES.—The Oversight Board may investigate the
21 disclosure and selling practices in connection with the pur-
22 chase of bonds issued by a covered territory for or on be-
23 half of any retail investors including any underrepresenta-
24 tion of risk for such investors and any relationships or
25 conflicts of interest maintained by such broker, dealer, or

1 investment adviser is as provided in applicable laws and
2 regulations.

3 (p) FINDINGS OF ANY INVESTIGATION.—The Over-
4 sight Board shall make public the findings of any inves-
5 tigation referenced in subsection (o).

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

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

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

13 (a) JURISDICTION.—Except as provided in section
14 104(f)(2) (relating to the issuance of an order enforcing
15 a subpoena), and title III (relating to adjustments of
16 debts), any action against the Oversight Board, and any
17 action otherwise arising out of this Act, in whole or in
18 part, shall be brought in a United States district court
19 for the covered territory or, for any covered territory that
20 does not have a district court, in the United States Dis-
21 trict Court for the District of Hawaii.

22 (b) APPEAL.—Notwithstanding any other provision
23 of law, any order of a United States district court that
24 is issued pursuant to an action brought under subsection
25 (a) shall be subject to review only pursuant to a notice

1 of appeal to the applicable United States Court of Ap-
2 peals.

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

12 (d) **EXPEDITED CONSIDERATION.**—It shall be the
13 duty of the applicable United States District Court, the
14 applicable United States Court of Appeals, and, as appli-
15 cable, the Supreme Court of the United States to advance
16 on the docket and to expedite to the greatest possible ex-
17 tent the disposition of any matter brought under this Act.

18 (e) **REVIEW OF OVERSIGHT BOARD CERTIFI-**
19 **CATIONS.**—There shall be no jurisdiction in any United
20 States district court to review challenges to the Oversight
21 Board’s certification determinations under this Act.

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

24 (a) **SUBMISSION OF BUDGET.**—The Oversight Board
25 shall submit a budget for each fiscal year during which

1 the Oversight Board is in operation, to the President, the
2 House of Representatives Committee on Natural Re-
3 sources and the Senate Committee on Energy and Natural
4 Resources, the Governor, and the Legislature.

5 (b) FUNDING.—The Oversight Board shall use its
6 powers with respect to the Territory Budget of the covered
7 territory to ensure that sufficient funds are available to
8 cover all expenses of the Oversight Board.

9 (1) PERMANENT FUNDING.—Within 30 days
10 after the date of enactment of this Act, the terri-
11 torial government shall designate a dedicated fund-
12 ing source, not subject to subsequent legislative ap-
13 propriations, sufficient to support the annual ex-
14 penses of the Oversight Board as determined in the
15 Oversight Board’s sole and exclusive discretion.

16 (2)(A) INITIAL FUNDING.—On the date of es-
17 tablishment of an Oversight Board in accordance
18 with section 101(b) and on the 5th day of each
19 month thereafter, the Governor of the covered terri-
20 tory shall transfer or cause to be transferred the
21 greater of \$2,000,000 or such amount as shall be
22 determined by the Oversight Board pursuant to sub-
23 section (a) to a new account established by the terri-
24 torial government, which shall be available to and
25 subject to the exclusive control of the Oversight

1 Board, without any legislative appropriations of the
2 territorial government.

3 (B) TERMINATION.—The initial funding re-
4 quirements under subparagraph (A) shall terminate
5 upon the territorial government designating a dedi-
6 cated funding source not subject to subsequent legis-
7 lative appropriations under paragraph (1).

8 (3) REMISSION OF EXCESS FUNDS.—If the
9 Oversight Board determines in its sole discretion
10 that any funds transferred under this subsection ex-
11 ceed the amounts required for the Oversight Board’s
12 operations as established pursuant to subsection (a),
13 any such excess funds shall be periodically remitted
14 to the territorial government.

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

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

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

21 (2) enact, implement, or enforce any statute,
22 resolution, policy, or rule that would impair or de-
23 feat the purposes of this Act, as determined by the
24 Oversight Board.

1 (b) OVERSIGHT BOARD LEGAL REPRESENTATION.—
2 In any action brought by, on behalf of, or against the
3 Oversight Board, the Oversight Board shall be represented
4 by such counsel as it may hire or retain so long as the
5 representation complies with the applicable professional
6 rules of conduct governing conflicts of interests.

7 **SEC. 109. ETHICS.**

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

13 (b) FINANCIAL DISCLOSURE.—Notwithstanding any
14 ethics provision governing employees of the covered terri-
15 tory, all members of the Oversight Board and staff des-
16 igned by the Oversight Board shall be subject to disclo-
17 sure of their financial interests, the contents of which shall
18 conform to the same requirements set forth in section 102
19 of the Ethics in Government Act of 1978 (5 U.S.C. App.).

20 **TITLE II—RESPONSIBILITIES OF**
21 **OVERSIGHT BOARD**

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

23 (a) IN GENERAL.—As soon as practicable after all
24 of the members and the Chair have been appointed to the
25 Oversight Board in accordance with section 101(e) in the

1 fiscal year in which the Oversight Board is established,
2 and in each fiscal year thereafter during which the Over-
3 sight Board is in operation, the Oversight Board shall de-
4 liver a notice to the Governor providing a schedule for the
5 process of development, submission, approval, and certifi-
6 cation of Fiscal Plans. The notice may also set forth a
7 schedule for revisions to any Fiscal Plan that has already
8 been certified, which revisions must be subject to subse-
9 quent approval and certification by the Oversight Board.
10 The Oversight Board shall consult with the Governor in
11 establishing a schedule, but the Oversight Board shall re-
12 tain sole discretion to set or, by delivery of a subsequent
13 notice to the Governor, change the dates of such schedule
14 as it deems appropriate and reasonably feasible.

15 (b) REQUIREMENTS.—

16 (1) IN GENERAL.—A Fiscal Plan developed
17 under this section shall, with respect to the terri-
18 torial government or covered territorial instrumen-
19 tality, provide a method to achieve fiscal responsi-
20 bility and access to the capital markets, and—

21 (A) provide for estimates of revenues and
22 expenditures in conformance with agreed ac-
23 counting standards and be based on—

24 (i) applicable laws; or

- 1 (ii) specific bills that require enact-
2 ment in order to reasonably achieve the
3 projections of the Fiscal Plan;
- 4 (B) ensure the funding of essential public
5 services;
- 6 (C) provide adequate funding for public
7 pension systems;
- 8 (D) provide for the elimination of struc-
9 tural deficits;
- 10 (E) for fiscal years covered by a Fiscal
11 Plan in which a stay under titles III or IV is
12 not effective, provide for a debt burden that is
13 sustainable;
- 14 (F) improve fiscal governance, account-
15 ability, and internal controls;
- 16 (G) enable the achievement of fiscal tar-
17 gets;
- 18 (H) create independent forecasts of rev-
19 enue for the period covered by the Fiscal Plan;
- 20 (I) include a debt sustainability analysis;
- 21 (J) provide for capital expenditures and in-
22 vestments necessary to promote economic
23 growth;

1 (K) adopt appropriate recommendations
2 submitted by the Oversight Board under section
3 205(a);

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

6 (M) ensure that assets, funds, or resources
7 of a territorial instrumentality are not loaned
8 to, transferred to, or otherwise used for the
9 benefit of a covered territory or another covered
10 territorial instrumentality of a covered territory,
11 unless permitted by the constitution of the ter-
12 ritory, an approved plan of adjustment under
13 title III, or a Qualifying Modification approved
14 under title VI; and

15 (N) respect the relative lawful priorities or
16 lawful liens, as may be applicable, in the con-
17 stitution, other laws, or agreements of a covered
18 territory or covered territorial instrumentality
19 in effect prior to the date of enactment of this
20 Act.

21 (2) TERM.—A Fiscal Plan developed under this
22 section shall cover a period of fiscal years as deter-
23 mined by the Oversight Board in its sole discretion
24 but in any case a period of not less than 5 fiscal

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

3 (c) DEVELOPMENT, REVIEW, APPROVAL, AND CER-
4 TIFICATION OF FISCAL PLANS.—

5 (1) TIMING REQUIREMENT.—The Governor
6 may not submit to the Legislature a Territory Budg-
7 et under section 202 for a fiscal year unless the
8 Oversight Board has certified the Territory Fiscal
9 Plan for that fiscal year in accordance with this sub-
10 section, unless the Oversight Board in its sole dis-
11 cretion waives this requirement.

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

17 (3) REVIEW BY THE OVERSIGHT BOARD.—The
18 Oversight Board shall review any proposed Fiscal
19 Plan to determine whether it satisfies the require-
20 ments set forth in subsection (b) and, if the Over-
21 sight Board determines in its sole discretion that the
22 proposed Fiscal Plan—

23 (A) satisfies such requirements, the Over-
24 sight Board shall approve the proposed Fiscal
25 Plan; or

1 (B) does not satisfy such requirements, the
2 Oversight Board shall provide to the Gov-
3 ernor—

4 (i) a notice of violation that includes
5 recommendations for revisions to the appli-
6 cable Fiscal Plan; and

7 (ii) an opportunity to correct the vio-
8 lation in accordance with subsection (d)(1).

9 (d) REVISED FISCAL PLAN.—

10 (1) IN GENERAL.—If the Governor receives a
11 notice of violation under subsection (c)(3), the Gov-
12 ernor shall submit to the Oversight Board a revised
13 proposed Fiscal Plan in accordance with subsection
14 (b) by the time specified in the notice delivered
15 under subsection (a). The Governor may submit as
16 many revised Fiscal Plans to the Oversight Board as
17 the schedule established in the notice delivered under
18 subsection (a) permits.

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

1 the Legislature a Fiscal Plan that satisfies the re-
2 quirements set forth in subsection (b).

3 (e) APPROVAL AND CERTIFICATION.—

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

9 (2) DEEMED APPROVAL OF FISCAL PLAN DE-
10 VELOPED BY OVERSIGHT BOARD.—If the Oversight
11 Board develops a Fiscal Plan under subsection
12 (d)(2), such Fiscal Plan shall be deemed approved
13 by the Governor, and the Oversight Board shall
14 issue a compliance certification for such Fiscal Plan
15 to the Governor and the Legislature.

16 (f) JOINT DEVELOPMENT OF FISCAL PLAN.—Not-
17 withstanding any other provision of this section, if the
18 Governor and the Oversight Board jointly develop a Fiscal
19 Plan for the fiscal year that meets the requirements under
20 this section, and that the Governor and the Oversight
21 Board certify that the fiscal plan reflects a consensus be-
22 tween the Governor and the Oversight Board, then such
23 Fiscal Plan shall serve as the Fiscal Plan for the territory
24 or territorial instrumentality for that fiscal year.

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

2 (a) REASONABLE SCHEDULE FOR DEVELOPMENT OF
3 BUDGETS.—As soon as practicable after all of the mem-
4 bers and the Chair have been appointed to the Oversight
5 Board in the fiscal year in which the Oversight Board is
6 established, and in each fiscal year thereafter during
7 which the Oversight Board is in operation, the Oversight
8 Board shall deliver a notice to the Governor and the Legis-
9 lature providing a schedule for developing, submitting, ap-
10 proving, and certifying Budgets for a period of fiscal years
11 as determined by the Oversight Board in its sole discretion
12 but in any case a period of not less than one fiscal year
13 following the fiscal year in which the notice is delivered.
14 The notice may also set forth a schedule for revisions to
15 Budgets that have already been certified, which revisions
16 must be subject to subsequent approval and certification
17 by the Oversight Board. The Oversight Board shall con-
18 sult with the Governor and the Legislature in establishing
19 a schedule, but the Oversight Board shall retain sole dis-
20 cretion to set or, by delivery of a subsequent notice to the
21 Governor and the Legislature, change the dates of such
22 schedule as it deems appropriate and reasonably feasible.

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

1 for use by the Governor in developing the Budget under
2 subsection (c).

3 (c) BUDGETS DEVELOPED BY GOVERNOR.—

4 (1) GOVERNOR'S PROPOSED BUDGETS.—The
5 Governor shall submit to the Oversight Board pro-
6 posed Budgets by the time specified in the notice de-
7 livered under subsection (a). In consultation with the
8 Governor in accordance with the process specified in
9 the notice delivered under subsection (a), the Over-
10 sight Board shall determine in its sole discretion
11 whether each proposed Budget is compliant with the
12 applicable Fiscal Plan and—

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

15 (i) approve the Budget; and

16 (ii) if the Budget is a Territory Budg-
17 et, submit the Territory Budget to the
18 Legislature; or

19 (B) if the Oversight Board determines that
20 the Budget is not a compliant budget, the Over-
21 sight Board shall provide to the Governor—

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

1 (ii) an opportunity to correct the vio-
2 lation in accordance with paragraph (2).

3 (2) GOVERNOR'S REVISIONS.—The Governor
4 may correct any violations identified by the Over-
5 sight Board and submit a revised proposed Budget
6 to the Oversight Board in accordance with para-
7 graph (1). The Governor may submit as many re-
8 vised Budgets to the Oversight Board as the sched-
9 ule established in the notice delivered under sub-
10 section (a) permits. If the Governor fails to develop
11 a Budget that the Oversight Board determines is a
12 compliant budget by the time specified in the notice
13 delivered under subsection (a), the Oversight Board
14 shall develop and submit to the Governor, in the
15 case of an Instrumentality Budget, and to the Gov-
16 ernor and the Legislature, in the case of a Territory
17 Budget, a revised compliant budget.

18 (d) BUDGET APPROVAL BY LEGISLATURE.—

19 (1) LEGISLATURE ADOPTED BUDGET.—The
20 Legislature shall submit to the Oversight Board the
21 Territory Budget adopted by the Legislature by the
22 time specified in the notice delivered under sub-
23 section (a). The Oversight Board shall determine
24 whether the adopted Territory Budget is a compliant
25 budget and—

1 (A) if the adopted Territory Budget is a
2 compliant budget, the Oversight Board shall
3 issue a compliance certification for such compli-
4 ant budget pursuant to subsection (e); and

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

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

11 (ii) an opportunity to correct the vio-
12 lation in accordance with paragraph (2).

13 (2) LEGISLATURE'S REVISIONS.—The Legisla-
14 ture may correct any violations identified by the
15 Oversight Board and submit a revised Territory
16 Budget to the Oversight Board in accordance with
17 the process established under paragraph (1) and by
18 the time specified in the notice delivered under sub-
19 section (a). The Legislature may submit as many re-
20 vised adopted Territory Budgets to the Oversight
21 Board as the schedule established in the notice deliv-
22 ered under subsection (a) permits. If the Legislature
23 fails to adopt a Territory Budget that the Oversight
24 Board determines is a compliant budget by the time
25 specified in the notice delivered under subsection (a),

1 the Oversight Board shall develop a revised Terri-
2 tory Budget that is a compliant budget and submit
3 it to the Governor and the Legislature.

4 (e) CERTIFICATION OF BUDGETS.—

5 (1) CERTIFICATION OF DEVELOPED AND AP-
6 PROVED TERRITORY BUDGETS.—If the Governor and
7 the Legislature develop and approve a Territory
8 Budget that is a compliant budget by the day before
9 the first day of the fiscal year for which the Terri-
10 tory Budget is being developed and in accordance
11 with the process established under subsections (c)
12 and (d), the Oversight Board shall issue a compli-
13 ance certification to the Governor and the Legisla-
14 ture for such Territory Budget.

15 (2) CERTIFICATION OF DEVELOPED INSTRU-
16 MENTALITY BUDGETS.—If the Governor develops an
17 Instrumentality Budget that is a compliant budget
18 by the day before the first day of the fiscal year for
19 which the Instrumentality Budget is being developed
20 and in accordance with the process established under
21 subsection (c), the Oversight Board shall issue a
22 compliance certification to the Governor for such In-
23 strumentality Budget.

24 (3) DEEMED CERTIFICATION OF TERRITORY
25 BUDGETS.—If the Governor and the Legislature fail

1 to develop and approve a Territory Budget that is
2 a compliant budget by the day before the first day
3 of the fiscal year for which the Territory Budget is
4 being developed, the Oversight Board shall submit a
5 Budget to the Governor and the Legislature (includ-
6 ing any revision to the Territory Budget made by
7 the Oversight Board pursuant to subsection (d)(2))
8 and such Budget shall be—

9 (A) deemed to be approved by the Gov-
10 ernor and the Legislature;

11 (B) the subject of a compliance certifi-
12 cation issued by the Oversight Board to the
13 Governor and the Legislature; and

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

16 (4) DEEMED CERTIFICATION OF INSTRUMEN-
17 TIALITY BUDGETS.—If the Governor fails to develop
18 an Instrumentality Budget that is a compliant budg-
19 et by the day before the first day of the fiscal year
20 for which the Instrumentality Budget is being devel-
21 oped, the Oversight Board shall submit an Instru-
22 mentality Budget to the Governor (including any re-
23 vision to the Instrumentality Budget made by the
24 Oversight Board pursuant to subsection (c)(2)) and
25 such Budget shall be—

1 (A) deemed to be approved by the Gov-
2 ernor;

3 (B) the subject of a compliance certifi-
4 cation issued by the Oversight Board to the
5 Governor; and

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

8 (f) **JOINT DEVELOPMENT OF BUDGETS.**—Notwith-
9 standing any other provision of this section, if, in the case
10 of a Territory Budget, the Governor, the Legislature, and
11 the Oversight Board, or in the case of an Instrumentality
12 Budget, the Governor and the Oversight Board, jointly de-
13 velop such Budget for the fiscal year that meets the re-
14 quirements under this section, and that the relevant par-
15 ties certify that such budget reflects a consensus among
16 them, then such Budget shall serve as the Budget for the
17 territory or territorial instrumentality for that fiscal year.

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

20 (a) **SUBMISSION OF REPORTS.**—Not later than 15
21 days after the last day of each quarter of a fiscal year
22 (beginning with the fiscal year determined by the Over-
23 sight Board), the Governor shall submit to the Oversight
24 Board a report, in such form as the Oversight Board may
25 require, describing—

1 (1) the actual cash revenues, cash expenditures,
2 and cash flows of the territorial government for the
3 preceding quarter, as compared to the projected rev-
4 enues, expenditures, and cash flows contained in the
5 certified Budget for such preceding quarter; and

6 (2) any other information requested by the
7 Oversight Board, which may include a balance sheet
8 or a requirement that the Governor provide informa-
9 tion for each covered territorial instrumentality sep-
10 arately.

11 (b) INITIAL ACTION BY OVERSIGHT BOARD.—

12 (1) IN GENERAL.—If the Oversight Board de-
13 termines, based on reports submitted by the Gov-
14 ernor under subsection (a), independent audits, or
15 such other information as the Oversight Board may
16 obtain, that the actual quarterly revenues, expendi-
17 tures, or cash flows of the territorial government are
18 not consistent with the projected revenues, expendi-
19 tures, or cash flows set forth in the certified Budget
20 for such quarter, the Oversight Board shall—

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

1 (B) if the additional information provided
2 under subparagraph (A) does not provide an ex-
3 planation for the inconsistency that the Over-
4 sight Board finds reasonable and appropriate,
5 advise the territorial government to correct the
6 inconsistency by implementing remedial action.

7 (2) DEADLINES.—The Oversight Board shall
8 establish the deadlines by which the territorial gov-
9 ernment shall meet the requirements of subpara-
10 graphs (A) and (B) of paragraph (1).

11 (c) CERTIFICATION.—

12 (1) INCONSISTENCY.—If the territorial govern-
13 ment fails to provide additional information under
14 subsection (b)(1)(A), or fails to correct an inconsis-
15 tency under subsection (b)(1)(B), prior to the appli-
16 cable deadline under subsection (b)(2), the Oversight
17 Board shall certify to the President, the House of
18 Representatives Committee on Natural Resources,
19 the Senate Committee on Energy and Natural Re-
20 sources, the Governor, and the Legislature that the
21 territorial government is inconsistent with the appli-
22 cable certified Budget, and shall describe the nature
23 and amount of the inconsistency.

24 (2) CORRECTION.—If the Oversight Board de-
25 termines that the territorial government has initi-

1 ated such measures as the Oversight Board con-
2 siders sufficient to correct an inconsistency certified
3 under paragraph (1), the Oversight Board shall cer-
4 tify the correction to the President, the House of
5 Representatives Committee on Natural Resources,
6 the Senate Committee on Energy and Natural Re-
7 sources, the Governor, and the Legislature.

8 (d) BUDGET REDUCTIONS BY OVERSIGHT BOARD.—

9 If the Oversight Board determines that the Governor, in
10 the case of any then-applicable certified Instrumentality
11 Budgets, and the Governor and the Legislature, in the
12 case of the then-applicable certified Territory Budget,
13 have failed to correct an inconsistency identified by the
14 Oversight Board under subsection (c), the Oversight
15 Board shall—

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

1 (2) with respect to covered territorial instru-
2 mentalities at the sole discretion of the Oversight
3 Board—

4 (A) make reductions in nondebt expendi-
5 tures to ensure that the actual quarterly reve-
6 nues and expenses for the covered territorial in-
7 strumentality are in compliance with the appli-
8 cable certified Budget or, in the case of the fis-
9 cal year in which the Oversight Board is estab-
10 lished, the budget adopted by the Governor and
11 the Legislature or the covered territorial instru-
12 mentality, as applicable; or

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

15 (ii) prohibit the covered territorial instru-
16 mentality from entering into any contract or en-
17 gaging in any financial or other transactions,
18 unless the contract or transaction was pre-
19 viously approved by the Oversight Board.

20 (e) TERMINATION OF BUDGET REDUCTIONS.—The
21 Oversight Board shall cancel the reductions, hiring
22 freezes, or prohibition on contracts and financial trans-
23 actions under subsection (d) if the Oversight Board deter-
24 mines that the territorial government or covered territorial
25 instrumentality, as applicable, has initiated appropriate

1 measures to reduce expenditures or increase revenues to
2 ensure that the territorial government or covered terri-
3 torial instrumentality is in compliance with the applicable
4 certified Budget or, in the case of the fiscal year in which
5 the Oversight Board is established, the budget adopted by
6 the Governor and the Legislature.

7 **SEC. 204. REVIEW OF ACTIVITIES TO ENSURE COMPLIANCE**
8 **WITH FISCAL PLAN.**

9 (a) SUBMISSION OF LEGISLATIVE ACTS TO OVER-
10 SIGHT BOARD.—

11 (1) SUBMISSION OF ACTS.—Except to the ex-
12 tent that the Oversight Board may provide otherwise
13 in its bylaws, rules, and procedures, not later than
14 7 business days after a territorial government duly
15 enacts any law during any fiscal year in which the
16 Oversight Board is in operation, the Governor shall
17 submit the law to the Oversight Board.

18 (2) COST ESTIMATE; CERTIFICATION OF COM-
19 PLIANCE OR NONCOMPLIANCE.—The Governor shall
20 include with each law submitted to the Oversight
21 Board under paragraph (1) the following:

22 (A) A formal estimate prepared by an ap-
23 propriate entity of the territorial government
24 with expertise in budgets and financial manage-

1 ment of the impact, if any, that the law will
2 have on expenditures and revenues.

3 (B) If the appropriate entity described in
4 subparagraph (A) finds that the law is not sig-
5 nificantly inconsistent with the Fiscal Plan for
6 the fiscal year, it shall issue a certification of
7 such finding.

8 (C) If the appropriate entity described in
9 subparagraph (A) finds that the law is signifi-
10 cantly inconsistent with the Fiscal Plan for the
11 fiscal year, it shall issue a certification of such
12 finding, together with the entity's reasons for
13 such finding.

14 (3) NOTIFICATION.—The Oversight Board shall
15 send a notification to the Governor and the Legisla-
16 ture if—

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

21 (B) the Governor submits a law to the
22 Oversight Board under this subsection that is
23 not accompanied by either a certification de-
24 scribed in paragraph (2)(B) or (2)(C); or

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

6 (4) OPPORTUNITY TO RESPOND TO NOTIFICA-
7 TION.—

8 (A) FAILURE TO PROVIDE ESTIMATE OR
9 CERTIFICATION.—After sending a notification
10 to the Governor and the Legislature under
11 paragraph (3)(A) or (3)(B) with respect to a
12 law, the Oversight Board may direct the Gov-
13 ernor to provide the missing estimate or certifi-
14 cation (as the case may be), in accordance with
15 such procedures as the Oversight Board may
16 establish.

17 (B) SUBMISSION OF CERTIFICATION OF
18 SIGNIFICANT INCONSISTENCY WITH FISCAL
19 PLAN AND BUDGET.—In accordance with such
20 procedures as the Oversight Board may estab-
21 lish, after sending a notification to the Gov-
22 ernor and Legislature under paragraph (3)(C)
23 that a law is significantly inconsistent with the
24 Fiscal Plan, the Oversight Board shall direct
25 the territorial government to—

1 (i) correct the law to eliminate the in-
2 consistency; or

3 (ii) provide an explanation for the in-
4 consistency that the Oversight Board finds
5 reasonable and appropriate.

6 (5) FAILURE TO COMPLY.—If the territorial
7 government fails to comply with a direction given by
8 the Oversight Board under paragraph (4) with re-
9 spect to a law, the Oversight Board may take such
10 actions as it considers necessary, consistent with this
11 Act, to ensure that the enactment or enforcement of
12 the law will not adversely affect the territorial gov-
13 ernment’s compliance with the Fiscal Plan, including
14 preventing the enforcement or application of the law.

15 (6) PRELIMINARY REVIEW OF PROPOSED
16 ACTS.—At the request of the Legislature, the Over-
17 sight Board may conduct a preliminary review of
18 proposed legislation before the Legislature to deter-
19 mine whether the legislation as proposed would be
20 consistent with the applicable Fiscal Plan under this
21 subtitle, except that any such preliminary review
22 shall not be binding on the Oversight Board in re-
23 viewing any law subsequently submitted under this
24 subsection.

1 (b) EFFECT OF APPROVED FISCAL PLAN ON CON-
2 TRACTS, RULES, AND REGULATIONS.—

3 (1) TRANSPARENCY IN CONTRACTING.—The
4 Oversight Board shall work with a covered terri-
5 tory’s office of the comptroller or any functionally
6 equivalent entity to promote compliance with the ap-
7 plicable law of any covered territory that requires
8 agencies and instrumentalities of the territorial gov-
9 ernment to maintain a registry of all contracts exe-
10 cuted, including amendments thereto, and to remit
11 a copy to the office of the comptroller for inclusion
12 in a comprehensive database available to the public.
13 With respect to Puerto Rico, the term “applicable
14 law” refers to 2 L.P.R.A. 97, as amended.

15 (2) AUTHORITY TO REVIEW CERTAIN CON-
16 TRACTS.—The Oversight Board may establish poli-
17 cies to require prior Oversight Board approval of
18 certain contracts, including leases and contracts to
19 a governmental entity or government-owned corpora-
20 tions rather than private enterprises that are pro-
21 posed to be executed by the territorial government,
22 to ensure such proposed contracts promote market
23 competition and are not inconsistent with the ap-
24 proved Fiscal Plan.

1 (3) SENSE OF CONGRESS.—It is the sense of
2 Congress that any policies established by the Over-
3 sight Board pursuant to paragraph (2) should be de-
4 signed to make the government contracting process
5 more effective, to increase the public’s faith in this
6 process, to make appropriate use of the Oversight
7 Board’s time and resources, to make the territorial
8 government a facilitator and not a competitor to pri-
9 vate enterprise, and to avoid creating any additional
10 bureaucratic obstacles to efficient contracting.

11 (4) AUTHORITY TO REVIEW CERTAIN RULES,
12 REGULATIONS, AND EXECUTIVE ORDERS.—The pro-
13 visions of this paragraph shall apply with respect to
14 a rule, regulation, or executive order proposed to be
15 issued by the Governor (or the head of any depart-
16 ment or agency of the territorial government) in the
17 same manner as such provisions apply to a contract.

18 (5) FAILURE TO COMPLY.—If a contract, rule,
19 regulation, or executive order fails to comply with
20 policies established by the Oversight Board under
21 this subsection, the Oversight Board may take such
22 actions as it considers necessary to ensure that such
23 contract, rule, executive order or regulation will not
24 adversely affect the territorial government’s compli-
25 ance with the Fiscal Plan, including by preventing

1 the execution or enforcement of the contract, rule,
2 executive order or regulation.

3 (c) RESTRICTIONS ON BUDGETARY ADJUSTMENTS.—

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

13 (2) NO ACTION PERMITTED UNTIL ANALYSIS
14 RECEIVED.—The Legislature shall not adopt a re-
15 programming, and no officer or employee of the ter-
16 ritorial government may carry out any reprogram-
17 ming, until the Oversight Board has provided the
18 Legislature with an analysis that certifies such re-
19 programming will not be inconsistent with the Fiscal
20 Plan and Budget.

21 (3) PROHIBITION ON ACTION UNTIL OVERSIGHT
22 BOARD IS APPOINTED.—

23 (A) During the period after a territory be-
24 comes a covered territory and prior to the ap-
25 pointment of all members and the Chair of the

1 Oversight Board, such covered territory shall
2 not enact new laws that either permit the trans-
3 fer of any funds or assets outside the ordinary
4 course of business or that are inconsistent with
5 the constitution or laws of the territory as of
6 the date of enactment of this Act, provided that
7 any executive or legislative action authorizing
8 the movement of funds or assets during this
9 time period may be subject to review and rescis-
10 sion by the Oversight Board upon appointment
11 of the Oversight Board's full membership.

12 (B) Upon appointment of the Oversight Board's
13 full membership, the Oversight Board may review,
14 and in its sole discretion, rescind, any law that—

15 (i) was enacted during the period between,
16 with respect to Puerto Rico, May 4, 2016; or
17 with respect to any other territory, 45 days
18 prior to the establishment of the Oversight
19 Board for such territory, and the date of ap-
20 pointment of all members and the Chair of the
21 Oversight Board; and

22 (ii) alters pre-existing priorities of credi-
23 tors in a manner outside the ordinary course of
24 business or inconsistent with the territory's con-
25 stitution or the laws of the territory as of, in

1 the case of Puerto Rico, May 4, 2016, or with
2 respect to any other territory, 45 days prior to
3 the establishment of the Oversight Board for
4 such territory;

5 but such rescission shall only be to the extent that
6 the law alters such priorities.

7 (d) IMPLEMENTATION OF FEDERAL PROGRAMS.—In
8 taking actions under this Act, the Oversight Board shall
9 not exercise applicable authorities to impede territorial ac-
10 tions taken to—

11 (1) comply with a court-issued consent decree
12 or injunction, or an administrative order or settle-
13 ment with a Federal agency, with respect to Federal
14 programs;

15 (2) implement a federally authorized or feder-
16 ally delegated program;

17 (3) implement territorial laws, which are con-
18 sistent with a certified Fiscal Plan, that execute
19 Federal requirements and standards; or

20 (4) preserve and maintain federally funded
21 mass transportation assets.

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

24 (a) IN GENERAL.—The Oversight Board may at any
25 time submit recommendations to the Governor or the Leg-

1 legislature on actions the territorial government may take to
2 ensure compliance with the Fiscal Plan, or to otherwise
3 promote the financial stability, economic growth, manage-
4 ment responsibility, and service delivery efficiency of the
5 territorial government, including recommendations relat-
6 ing to—

7 (1) the management of the territorial govern-
8 ment’s financial affairs, including economic fore-
9 casting and multiyear fiscal forecasting capabilities,
10 information technology, placing controls on expendi-
11 tures for personnel, reducing benefit costs, reforming
12 procurement practices, and placing other controls on
13 expenditures;

14 (2) the structural relationship of departments,
15 agencies, and independent agencies within the terri-
16 torial government;

17 (3) the modification of existing revenue struc-
18 tures, or the establishment of additional revenue
19 structures;

20 (4) the establishment of alternatives for meet-
21 ing obligations to pay for the pensions of territorial
22 government employees;

23 (5) modifications or transfers of the types of
24 services that are the responsibility of, and are deliv-
25 ered by the territorial government;

1 (6) modifications of the types of services that
2 are delivered by entities other than the territorial
3 government under alternative service delivery mecha-
4 nisms;

5 (7) the effects of the territory's laws and court
6 orders on the operations of the territorial govern-
7 ment;

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

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

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

17 (b) RESPONSE TO RECOMMENDATIONS BY THE TER-
18 RITORIAL GOVERNMENT.—

19 (1) IN GENERAL.—In the case of any rec-
20 ommendations submitted under subsection (a) that
21 are within the authority of the territorial govern-
22 ment to adopt, not later than 90 days after receiving
23 the recommendations, the Governor or the Legisla-
24 ture (whichever has the authority to adopt the rec-
25 ommendation) shall submit a statement to the Over-

1 sight Board that provides notice as to whether the
2 territorial government will adopt the recommenda-
3 tions.

4 (2) IMPLEMENTATION PLAN REQUIRED FOR
5 ADOPTED RECOMMENDATIONS.—If the Governor or
6 the Legislature (whichever is applicable) notifies the
7 Oversight Board under paragraph (1) that the terri-
8 torial government will adopt any of the recommenda-
9 tions submitted under subsection (a), the Governor
10 or the Legislature (whichever is applicable) shall in-
11 clude in the statement a written plan to implement
12 the recommendation that includes—

13 (A) specific performance measures to de-
14 termine the extent to which the territorial gov-
15 ernment has adopted the recommendation; and

16 (B) a clear and specific timetable pursuant
17 to which the territorial government will imple-
18 ment the recommendation.

19 (3) EXPLANATIONS REQUIRED FOR REC-
20 OMMENDATIONS NOT ADOPTED.—If the Governor or
21 the Legislature (whichever is applicable) notifies the
22 Oversight Board under paragraph (1) that the terri-
23 torial government will not adopt any recommenda-
24 tion submitted under subsection (a) that the terri-
25 torial government has authority to adopt, the Gov-

1 Oversight Board, or a covered territorial instrumen-
2 tality that has adopted an Instrumentality Fiscal
3 Plan certified by the Oversight Board; and

4 (4)(A) no order approving a Qualifying Modi-
5 fication under section 601 has been entered with re-
6 spect to such entity; or

7 (B) if an order approving a Qualifying Modi-
8 fication has been entered with respect to such entity,
9 the entity is unable to make its debt payments not-
10 withstanding the approved Qualifying Modification,
11 in which case, all claims affected by the Qualifying
12 Modification shall be subject to a title III case.

13 (b) ISSUANCE OF RESTRUCTURING CERTIFI-
14 CATION.—The issuance of a restructuring certification
15 under this section requires a vote of no fewer than 5 mem-
16 bers of the Oversight Board in the affirmative, which shall
17 satisfy the requirement set forth in section 302(2) of this
18 Act.

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

21 For so long as the Oversight Board remains in oper-
22 ation, no territorial government may, without the prior ap-
23 proval of the Oversight Board, issue debt or guarantee,
24 exchange, modify, repurchase, redeem, or enter into simi-
25 lar transactions with respect to its debt.

1 **SEC. 208. REQUIRED REPORTS.**

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

6 (1) the progress made by the territorial govern-
7 ment in meeting the objectives of this Act during the
8 fiscal year;

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

12 (3) recommendations to the President and Con-
13 gress on changes to this Act or other Federal laws,
14 or other actions of the Federal Government, that
15 would assist the territorial government in complying
16 with any certified Fiscal Plan;

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

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

23 (b) REPORT ON DISCRETIONARY TAX ABATEMENT
24 AGREEMENTS.—Within six months of the establishment
25 of the Oversight Board, the Governor shall submit a report
26 to the Oversight Board documenting all existing discre-

1 tionary tax abatement or similar tax relief agreements to
2 which the territorial government, or any territorial instru-
3 mentality, is a party, provided that—

4 (1) nothing in this Act shall be interpreted to
5 limit the power of the territorial government or any
6 territorial instrumentality to execute or modify dis-
7 cretionary tax abatement or similar tax relief agree-
8 ments, or to enforce compliance with the terms and
9 conditions of any discretionary tax abatement or
10 similar tax relief agreement, to which the territorial
11 government or any territorial instrumentality is a
12 party; and

13 (2) the members and staff of the Oversight
14 Board shall not disclose the contents of the report
15 described in this subsection, and shall otherwise
16 comply with all applicable territorial and Federal
17 laws and regulations regarding the handling of con-
18 fidential taxpayer information.

19 (c) QUARTERLY REPORTS OF CASH FLOW.—The
20 Oversight Board, when feasible, shall report on the
21 amount of cash flow available for the payment of debt
22 service on all notes, bonds, debentures, credit agreements,
23 or other instruments for money borrowed whose enforce-
24 ment is subject to a stay or moratorium hereunder, to-
25 gether with any variance from the amount set forth in the

1 debt sustainability analysis of the Fiscal Plan under sec-
2 tion 201(b)(1)(I).

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

4 An Oversight Board shall terminate upon certifi-
5 cation by the Oversight Board that—

6 (1) the applicable territorial government has
7 adequate access to short-term and long-term credit
8 markets at reasonable interest rates to meet the bor-
9 rowing needs of the territorial government; and

10 (2) for at least 4 consecutive fiscal years—

11 (A) the territorial government has devel-
12 oped its Budgets in accordance with modified
13 accrual accounting standards; and

14 (B) the expenditures made by the terri-
15 torial government during each fiscal year did
16 not exceed the revenues of the territorial gov-
17 ernment during that year, as determined in ac-
18 cordance with modified accrual accounting
19 standards.

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

22 (a) IN GENERAL.—The full faith and credit of the
23 United States is not pledged for the payment of any prin-
24 cipal of or interest on any bond, note, or other obligation
25 issued by a covered territory or covered territorial instru-

1 mentality. The United States is not responsible or liable
2 for the payment of any principal of or interest on any
3 bond, note, or other obligation issued by a covered terri-
4 tory or covered territorial instrumentality.

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

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

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

12 (a) DETERMINATION.—If the Oversight Board deter-
13 mines, in its sole discretion, that a pension system of the
14 territorial government is materially underfunded, the
15 Oversight Board shall conduct an analysis prepared by an
16 independent actuary of such pension system to assist the
17 Oversight Board in evaluating the fiscal and economic im-
18 pact of the pension cash flows.

19 (b) PROVISIONS OF ANALYSIS.—An analysis con-
20 ducted under subsection (a) shall include—

21 (1) an actuarial study of the pension liabilities
22 and funding strategy that includes a forward looking
23 projection of payments of at least 30 years of benefit
24 payments and funding strategy to cover such pay-
25 ments;

1 (2) sources of funding to cover such payments;

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

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

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

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

14 (a) INTERVENTION.—The Oversight Board may in-
15 tervene in any litigation filed against the territorial gov-
16 ernment.

17 (b) INJUNCTIVE RELIEF.—

18 (1) IN GENERAL.—If the Oversight Board in-
19 tervenes in a litigation under subsection (a), the
20 Oversight Board may seek injunctive relief, including
21 a stay of litigation.

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

1 **TITLE III—ADJUSTMENTS OF**
2 **DEBTS**

3 **SEC. 301. APPLICABILITY OF OTHER LAWS; DEFINITIONS.**

4 (a) SECTIONS APPLICABLE TO CASES UNDER THIS
5 TITLE.—Sections 101 (except as otherwise provided in
6 this section), 102, 104, 105, 106, 107, 108, 112, 333,
7 344, 347(b), 349, 350(b), 351, 361, 362, 364(e), 364(d),
8 364(e), 364(f), 365, 366, 501, 502, 503, 504, 506,
9 507(a)(2), 509, 510, 524(a)(1), 524(a)(2), 544, 545, 546,
10 547, 548, 549(a), 549(c), 549(d), 550, 551, 552, 553,
11 555, 556, 557, 559, 560, 561, 562, 902 (except as other-
12 wise provided in this section), 922, 923, 924, 925, 926,
13 927, 928, 942, 944, 945, 946, 1102, 1103, 1109, 1111(b),
14 1122, 1123(a)(1), 1123(a)(2), 1123(a)(3), 1123(a)(4),
15 1123(a)(5), 1123(b), 1123(d), 1124, 1125, 1126(a),
16 1126(b), 1126(c), 1126(e), 1126(f), 1126(g), 1127(d),
17 1128, 1129(a)(2), 1129(a)(3), 1129(a)(6), 1129(a)(8),
18 1129(a)(10), 1129(b)(1), 1129(b)(2)(A), 1129(b)(2)(B),
19 1142(b), 1143, 1144, 1145, and 1146(a) of title 11,
20 United States Code, apply in a case under this title and
21 section 930 of title 11, United States Code, applies in a
22 case under this title; however, section 930 shall not apply
23 in any case during the first 120 days after the date on
24 which such case is commenced under this title.

1 (b) MEANINGS OF TERMS.—A term used in a section
2 of title 11, United States Code, made applicable in a case
3 under this title by subsection (a), has the meaning given
4 to the term for the purpose of the applicable section, un-
5 less the term is otherwise defined in this title.

6 (c) DEFINITIONS.—In this title:

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

10 (A) for a territory, any territorial instru-
11 mentality; and

12 (B) for a territorial instrumentality, the
13 governing territory and any of the other terri-
14 torial instrumentalities of the territory.

15 (2) DEBTOR.—The term “debtor” means the
16 territory or covered territorial instrumentality con-
17 cerning which a case under this title has been com-
18 menced.

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

24 (A) shall exclude any Issuer or Authorized
25 Instrumentality of the Territory Government

1 Issuer (as defined under Title VI of this Act)
2 or a corporation, trust or other legal entity that
3 is controlled by the Issuer or an Authorized
4 Territorial Instrumentality of the Territory
5 Government Issuer, provided that the bene-
6 ficiaries of such claims, to the extent they are
7 not referenced in this subparagraph, shall not
8 be excluded, and that, for each excluded trust
9 or other legal entity, the court shall, upon the
10 request of any participant or beneficiary of such
11 trust or entity, at any time after the commence-
12 ment of the case, order the appointment of a
13 separate committee of creditors pursuant to
14 section 1102(a)(2) of title 11, United States
15 Code; and

16 (B) with reference to Insured Bonds, shall
17 mean the monoline insurer insuring such In-
18 sured Bond to the extent such insurer is grant-
19 ed the right to vote Insured Bonds for purposes
20 of directing remedies or consenting to proposed
21 amendments or modifications as provided in the
22 applicable documents pursuant to which such
23 Insured Bond was issued and insured.

24 (4) INSURED BOND.—The term “Insured
25 Bond” means a bond subject to a financial guar-

1 antee or similar insurance contract, policy and/or
2 surety issued by a monoline insurer.

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

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

15 (7) TRUSTEE.—The term “trustee”, when used
16 in a section of title 11, United States Code, made
17 applicable in a case under this title by subsection
18 (a), means the Oversight Board, except as provided
19 in section 926 of title 11, United States Code. The
20 term “trustee” as described in this paragraph does
21 not mean the U.S. Trustee, an official of the United
22 States Trustee Program, which is a component of
23 the United States Department of Justice.

24 (d) REFERENCE TO TITLE.—Solely for purposes of
25 this title, a reference to “this title”, “this chapter”, or

1 words of similar import in a section of title 11, United
2 States Code, made applicable in a case under this title
3 by subsection (a) or to “this title”, “title 11”, “Chapter
4 9”, “Chapter 11”, “the Code”, or words of similar import
5 in the Federal Rules of Bankruptcy Procedure made appli-
6 cable in a case under this title shall be deemed to be a
7 reference to this title.

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

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

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

20 An entity may be a debtor under this title if—

21 (1) the entity is—

22 (A) a territory that has requested the es-
23 tablishment of an Oversight Board or has had
24 an Oversight Board established for it by the

1 United States Congress in accordance with sec-
2 tion 101 of this Act; or

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

5 (2) the Oversight Board has issued a certifi-
6 cation under section 206(b) of this Act for such enti-
7 ty; and

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

10 **SEC. 303. RESERVATION OF TERRITORIAL POWER TO CON-**
11 **TROL TERRITORY AND TERRITORIAL INSTRU-**
12 **MENTALITIES.**

13 Subject to the limitations set forth in titles I and II
14 of this Act, this title does not limit or impair the power
15 of a covered territory to control, by legislation or other-
16 wise, the territory or any territorial instrumentality there-
17 of in the exercise of the political or governmental powers
18 of the territory or territorial instrumentality, including ex-
19 penditures for such exercise, but whether or not a case
20 has been or can be commenced under this title—

21 (1) a territory law prescribing a method of com-
22 position of indebtedness or a moratorium law, but
23 solely to the extent that it prohibits the payment of
24 principal or interest by an entity not described in
25 section 109(b)(2) of title 11, United States Code,

1 may not bind any creditor of a covered territory or
2 any covered territorial instrumentality thereof that
3 does not consent to the composition or moratorium;

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

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

12 **SEC. 304. PETITION AND PROCEEDINGS RELATING TO PETI-**
13 **TION.**

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

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

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

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

6 (e) VALIDITY OF DEBT.—The reversal on appeal of
7 a finding of jurisdiction shall not affect the validity of any
8 debt incurred that is authorized by the court under section
9 364(c) or 364(d) of title 11, United States Code.

10 (f) JOINT FILING OF PETITIONS AND PLANS PER-
11 MITTED.—The Oversight Board, on behalf of debtors
12 under this title, may file petitions or submit or modify
13 plans of adjustment jointly if the debtors are affiliates;
14 provided, however, that nothing in this title shall be con-
15 strued as authorizing substantive consolidation of the
16 cases of affiliated debtors.

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

23 (h) PUBLIC SAFETY.—This Act may not be construed
24 to permit the discharge of obligations arising under Fed-
25 eral police or regulatory laws, including laws relating to

1 the environment, public health or safety, or territorial laws
2 implementing such Federal legal provisions. This includes
3 compliance obligations, requirements under consent de-
4 crees or judicial orders, and obligations to pay associated
5 administrative, civil, or other penalties.

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

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

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

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

22 (2) any of the property or revenues of the debt-
23 or; or

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

1 **SEC. 306. JURISDICTION.**

2 (a) **FEDERAL SUBJECT MATTER JURISDICTION.**—

3 The district courts shall have—

4 (1) except as provided in paragraph (2), origi-
5 nal and exclusive jurisdiction of all cases under this
6 title; and

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

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

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

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

21 (1) **REMOVAL.**—A party may remove any claim
22 or cause of action in a civil action, other than a pro-
23 ceeding before the United States Tax Court or a
24 civil action by a governmental unit to enforce the po-
25 lice or regulatory power of the governmental unit, to
26 the district court for the district in which the civil

1 action is pending, if the district court has jurisdic-
2 tion of the claim or cause of action under this sec-
3 tion.

4 (2) REMAND.—The district court to which the
5 claim or cause of action is removed under paragraph
6 (1) may remand the claim or cause of action on any
7 equitable ground. An order entered under this sub-
8 section remanding a claim or cause of action, or a
9 decision not to remand, is not reviewable by appeal
10 or otherwise by the court of appeals under section
11 158(d), 1291 or 1292 of title 28, United States
12 Code, or by the Supreme Court of the United States
13 under section 1254 of title 28, United States Code.

14 (3) TRANSFER.—A district court shall transfer
15 any civil proceeding arising under this title, or aris-
16 ing in or related to a case under this title, to the dis-
17 trict court in which the case under this title is pend-
18 ing.

19 (e) APPEAL.—

20 (1) An appeal shall be taken in the same man-
21 ner as appeals in civil proceedings generally are
22 taken to the courts of appeals from the district
23 court.

24 (2) The court of appeals for the circuit in which
25 a case under this title has venue pursuant to section

1 307 of this title shall have jurisdiction of appeals
2 from all final decisions, judgments, orders and de-
3 crees entered under this title by the district court.

4 (3) The court of appeals for the circuit in which
5 a case under this title has venue pursuant to section
6 307 of this title shall have jurisdiction to hear ap-
7 peals of interlocutory orders or decrees if—

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

11 (i) the order or decree involves a ques-
12 tion of law as to which there is no control-
13 ling decision of the court of appeals for the
14 circuit or of the Supreme Court of the
15 United States, or involves a matter of pub-
16 lic importance;

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

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

24 (B) the court of appeals authorizes the di-
25 rect appeal of the order or decree.

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

6 (5) The parties may supplement the certifi-
7 cation with a short statement of the basis for the
8 certification issued by the district court under para-
9 graph (3)(A).

10 (6) Except as provided in section 304(d), an
11 appeal of an interlocutory order or decree does not
12 stay any proceeding of the district court from which
13 the appeal is taken unless the district court, or the
14 court of appeals in which the appeal is pending,
15 issues a stay of such proceedings pending the ap-
16 peal.

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

21 (f) REALLOCATION OF COURT STAFF.—Notwith-
22 standing any law to the contrary, the clerk of the court
23 in which a case is pending shall reallocate as many staff
24 and assistants as the clerk deems necessary to ensure that

1 the court has adequate resources to provide for proper
2 case management.

3 **SEC. 307. VENUE.**

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

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

9 (2) with respect to a covered territorial instru-
10 mentality, the district court for the territory in
11 which the covered territorial instrumentality is lo-
12 cated or, for any territory that does not have a dis-
13 trict court, the United States District Court for the
14 District of Hawaii.

15 (b) ALTERNATIVE VENUE.—

16 (1) If the Oversight Board so determines in its
17 sole discretion, then venue shall be proper in the dis-
18 trict court for the jurisdiction in which the Oversight
19 Board maintains an office that is located outside the
20 territory.

21 (2) With respect to paragraph (1), the Over-
22 sight Board may consider, among other things—

23 (A) the resources of the district court to
24 adjudicate a case or proceeding; and

1 (B) the impact on witnesses who may be
2 called in such a case or proceeding.

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

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

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

14 **SEC. 309. ABSTENTION.**

15 Nothing in this title prevents a district court in the
16 interests of justice from abstaining from hearing a par-
17 ticular proceeding arising in or related to a case under
18 this title.

19 **SEC. 310. APPLICABLE RULES OF PROCEDURE.**

20 The Federal Rules of Bankruptcy Procedure shall
21 apply to a case under this title and to all civil proceedings
22 arising in or related to cases under this title.

23 **SEC. 311. LEASES.**

24 A lease to a territory or territorial instrumentality
25 shall not be treated as an executory contract or unexpired

1 lease for the purposes of section 365 or 502(b)(6) of title
2 11, United States Code, solely by reason of the lease being
3 subject to termination in the event the debtor fails to ap-
4 propriate rent.

5 **SEC. 312. FILING OF PLAN OF ADJUSTMENT.**

6 (a) EXCLUSIVITY.—Only the Oversight Board, after
7 the issuance of a certificate pursuant to section 104(j) of
8 this Act, may file a plan of adjustment of the debts of
9 the debtor.

10 (b) DEADLINE FOR FILING PLAN.—If the Oversight
11 Board does not file a plan of adjustment with the petition,
12 the Oversight Board shall file a plan of adjustment at the
13 time set by the court.

14 **SEC. 313. MODIFICATION OF PLAN.**

15 The Oversight Board, after the issuance of a certifi-
16 cation pursuant to section 104(j) of this Act, may modify
17 the plan at any time before confirmation, but may not
18 modify the plan so that the plan as modified fails to meet
19 the requirements of this title. After the Oversight Board
20 files a modification, the plan as modified becomes the
21 plan.

22 **SEC. 314. CONFIRMATION.**

23 (a) OBJECTION.—A special tax payer may object to
24 confirmation of a plan.

1 (b) CONFIRMATION.—The court shall confirm the
2 plan if—

3 (1) the plan complies with the provisions of title
4 11 of the United States Code, made applicable to a
5 case under this title by section 301 of this Act;

6 (2) the plan complies with the provisions of this
7 title;

8 (3) the debtor is not prohibited by law from
9 taking any action necessary to carry out the plan;

10 (4) except to the extent that the holder of a
11 particular claim has agreed to a different treatment
12 of such claim, the plan provides that on the effective
13 date of the plan each holder of a claim of a kind
14 specified in 507(a)(2) of title 11, United States
15 Code, will receive on account of such claim cash
16 equal to the allowed amount of such claim;

17 (5) any legislative, regulatory, or electoral ap-
18 proval necessary under applicable law in order to
19 carry out any provision of the plan has been ob-
20 tained, or such provision is expressly conditioned on
21 such approval;

22 (6) the plan is feasible and in the best interests
23 of creditors, which shall require the court to consider
24 whether available remedies under the non-bank-
25 ruptcy laws and constitution of the territory would

1 result in a greater recovery for the creditors than is
2 provided by such plan; and

3 (7) the plan is consistent with the applicable
4 Fiscal Plan certified by the Oversight Board under
5 title II.

6 (c) CONFIRMATION FOR DEBTORS WITH A SINGLE
7 CLASS OF CLAIMS.—If all of the requirements of section
8 314(b) of this title and section 1129(a) of title 11, United
9 States Code, incorporated into this title by section 301
10 other than sections 1129(a)(8) and 1129(a)(10) are met
11 with respect to a plan—

12 (1) with respect to which all claims are substan-
13 tially similar under section 301(e) of this title;

14 (2) that includes only one class of claims, which
15 claims are impaired claims; and

16 (3) that was not accepted by such impaired
17 class,

18 the court shall confirm the plan notwithstanding the re-
19 quirements of such sections 1129(a)(8) and 1129(a)(10)
20 of title 11, United States Code if the plan is fair and equi-
21 table and does not discriminate unfairly with respect to
22 such impaired class.

23 **SEC. 315. ROLE AND CAPACITY OF OVERSIGHT BOARD.**

24 (a) ACTIONS OF OVERSIGHT BOARD.—For the pur-
25 poses of this title, the Oversight Board may take any ac-

1 tion necessary on behalf of the debtor to prosecute the
2 case of the debtor, including—

3 (1) filing a petition under section 304 of this
4 Act;

5 (2) submitting or modifying a plan of adjust-
6 ment under sections 312 and 313; or

7 (3) otherwise generally submitting filings in re-
8 lation to the case with the court.

9 (b) REPRESENTATIVE OF DEBTOR.—The Oversight
10 Board in a case under this title is the representative of
11 the debtor.

12 **SEC. 316. COMPENSATION OF PROFESSIONALS.**

13 (a) After notice to the parties in interest and the
14 United States Trustee and a hearing, the court may award
15 to a professional person employed by the debtor (in the
16 debtor's sole discretion), the Oversight Board (in the
17 Oversight Board's sole discretion), a committee under sec-
18 tion 1103 of title 11, United States Code, or a trustee
19 appointed by the court under section 926 of title 11,
20 United States Code—

21 (1) reasonable compensation for actual, nec-
22 essary services rendered by the professional person,
23 or attorney and by any paraprofessional person em-
24 ployed by any such person; and

1 (2) reimbursement for actual, necessary ex-
2 penses.

3 (b) The court may, on its own motion or on the mo-
4 tion of the United States Trustee or any other party in
5 interest, award compensation that is less than the amount
6 of compensation that is requested.

7 (c) In determining the amount of reasonable com-
8 pensation to be awarded to a professional person, the
9 court shall consider the nature, the extent, and the value
10 of such services, taking into account all relevant factors,
11 including—

12 (1) the time spent on such services;

13 (2) the rates charged for such services;

14 (3) whether the services were necessary to the
15 administration of, or beneficial at the time at which
16 the service was rendered toward the completion of,
17 a case under this chapter;

18 (4) whether the services were performed within
19 a reasonable amount of time commensurate with the
20 complexity, importance, and nature of the problem,
21 issue, or task addressed;

22 (5) with respect to a professional person,
23 whether the person is board certified or otherwise
24 has demonstrated skill and experience in the restruc-
25 turing field; and

1 (6) whether the compensation is reasonable
2 based on the customary compensation charged by
3 comparably skilled practitioners in cases other than
4 cases under this title or title 11, United States
5 Code.

6 (d) The court shall not allow compensation for—

7 (1) unnecessary duplication of services; or

8 (2) services that were not—

9 (A) reasonably likely to benefit the debtor;

10 or

11 (B) necessary to the administration of the

12 case.

13 (e) The court shall reduce the amount of compensa-
14 tion awarded under this section by the amount of any in-
15 terim compensation awarded under section 317 of this
16 title, and, if the amount of such interim compensation ex-
17 ceeds the amount of compensation awarded under this sec-
18 tion, may order the return of the excess to the debtor.

19 (f) Any compensation awarded for the preparation of
20 a fee application shall be based on the level and skill rea-
21 sonably required to prepare the application.

22 **SEC. 317. INTERIM COMPENSATION.**

23 A debtor's attorney, or any professional person em-
24 ployed by the debtor (in the debtor's sole discretion), the
25 Oversight Board (in the Oversight Board's sole discre-

1 tion), a committee under section 1103 of title 11, United
2 States Code, or a trustee appointed by the court under
3 section 926 of title 11, United States Code, may apply
4 to the court not more than once every 120 days after an
5 order for relief in a case under this title, or more often
6 if the court permits, for such compensation for services
7 rendered before the date of such an application or reim-
8 bursement for expenses incurred before such date as is
9 provided under section 316 of this title.

10 **TITLE IV—MISCELLANEOUS** 11 **PROVISIONS**

12 **SEC. 401. RULES OF CONSTRUCTION.**

13 Nothing in this Act is intended, or may be con-
14 strued—

15 (1) to limit the authority of Congress to exer-
16 cise legislative authority over the territories pursu-
17 ant to Article IV, section 3 of the Constitution of
18 the United States;

19 (2) to authorize the application of section
20 104(f) of this Act (relating to issuance of sub-
21 poenas) to judicial officers or employees of territory
22 courts;

23 (3) to alter, amend, or abrogate any provision
24 of the Covenant To Establish a Commonwealth of
25 the Northern Mariana Islands in Political Union

1 With the United States of America (48 U.S.C. 1801
2 et seq.); or

3 (4) to alter, amend, or abrogate the treaties of
4 cession regarding certain islands of American Samoa
5 (48 U.S.C. 1661).

6 **SEC. 402. RIGHT OF PUERTO RICO TO DETERMINE ITS FU-**
7 **TURE POLITICAL STATUS.**

8 Nothing in this Act shall be interpreted to restrict
9 Puerto Rico's right to determine its future political status,
10 including by conducting the plebiscite as authorized by
11 Public Law 113–76.

12 **SEC. 403. FIRST MINIMUM WAGE IN PUERTO RICO.**

13 Section 6(g) of the Fair Labor Standards Act of
14 1938 (29 U.S.C. 206(g)) is amended by striking para-
15 graphs (2) through (4) and inserting the following:

16 “(2) In lieu of the rate prescribed by subsection
17 (a)(1), the Governor of Puerto Rico, subject to the ap-
18 proval of the Financial Oversight and Management Board
19 established pursuant to section 101 of the Puerto Rico
20 Oversight, Management, and Economic Stability Act, may
21 designate a time period not to exceed four years during
22 which employers in Puerto Rico may pay employees who
23 are initially employed after the date of enactment of such
24 Act a wage which is not less than the wage described in
25 paragraph (1). Notwithstanding the time period des-

1 ignated, such wage shall not continue in effect after such
2 Board terminates in accordance with section 209 of such
3 Act.

4 “(3) No employer may take any action to displace
5 employees (including partial displacements such as reduc-
6 tion in hours, wages, or employment benefits) for purposes
7 of hiring individuals at the wage authorized in paragraph
8 (1) or (2).

9 “(4) Any employer who violates this subsection shall
10 be considered to have violated section 15(a)(3) (29 U.S.C.
11 215(a)(3)).

12 “(5) This subsection shall only apply to an employee
13 who has not attained the age of 20 years, except in the
14 case of the wage applicable in Puerto Rico, 25 years, until
15 such time as the Board described in paragraph (2) termi-
16 nates in accordance with section 209 of the Act described
17 in such paragraph.”.

18 **SEC. 404. APPLICATION OF REGULATION TO PUERTO RICO.**

19 (a) SPECIAL RULE.—The regulations proposed by the
20 Secretary of Labor relating to exemptions regarding the
21 rates of pay for executive, administrative, professional,
22 outside sales, and computer employees, and published in
23 a notice in the Federal Register on July 6, 2015, and any
24 final regulations issued related to such notice, shall have

1 no force or effect in the Commonwealth of Puerto Rico
2 until—

3 (1) the Comptroller General of the United
4 States completes the assessment and transmits the
5 report required under subsection (b); and

6 (2) the Secretary of Labor, taking into account
7 the assessment and report of the Comptroller Gen-
8 eral, provides a written determination to Congress
9 that applying such rule to Puerto Rico would not
10 have a negative impact on the economy of Puerto
11 Rico.

12 (b) ASSESSMENT AND REPORT.—Not later than two
13 years after the date of enactment of this Act, the Comp-
14 troller General shall examine the economic conditions in
15 Puerto Rico and shall transmit a report to Congress as-
16 sessing the impact of applying the regulations described
17 in subsection (a) to Puerto Rico, taking into consideration
18 regional, metropolitan, and non-metropolitan salary and
19 cost-of-living differences.

20 (c) SENSE OF CONGRESS.—It is the sense of Con-
21 gress that—

22 (1) the Bureau of the Census should conduct a
23 study to determine the feasibility of expanding data
24 collection to include Puerto Rico and the other
25 United States territories in the Current Population

1 Survey, which is jointly administered by the Bureau
2 of the Census and the Bureau of Labor Statistics,
3 and which is the primary source of labor force sta-
4 tistics for the population of the United States; and

5 (2) if necessary, the Bureau of the Census
6 should request the funding required to conduct this
7 feasibility study as part of its budget submission to
8 Congress for fiscal year 2018.

9 **SEC. 405. AUTOMATIC STAY UPON ENACTMENT.**

10 (a) DEFINITIONS.—In this section:

11 (1) LIABILITY.—The term “Liability” means a
12 bond, loan, letter of credit, other borrowing title, ob-
13 ligation of insurance, or other financial indebtedness
14 for borrowed money, including rights, entitlements,
15 or obligations whether such rights, entitlements, or
16 obligations arise from contract, statute, or any other
17 source of law related to such a bond, loan, letter of
18 credit, other borrowing title, obligation of insurance,
19 or other financial indebtedness in physical or dema-
20 terialized form, of which—

21 (A) the issuer, obligor, or guarantor is the
22 Government of Puerto Rico; and

23 (B) the date of issuance or incurrence pre-
24 cedes the date of enactment of this Act.

1 (2) LIABILITY CLAIM.—The term “Liability
2 Claim” means, as it relates to a Liability—

3 (A) right to payment, whether or not such
4 right is reduced to judgment, liquidated, unliq-
5 uidated, fixed, contingent, matured, unmatured,
6 disputed, undisputed, legal, equitable, secured,
7 or unsecured; or

8 (B) right to an equitable remedy for
9 breach of performance if such breach gives rise
10 to a right to payment, whether or not such
11 right to an equitable remedy is reduced to judg-
12 ment, fixed, contingent, matured, unmatured,
13 disputed, undisputed, secured, or unsecured.

14 (b) IN GENERAL.—Except as provided in subsection
15 (c) of this section, the establishment of an Oversight
16 Board for Puerto Rico (i.e., the enactment of this Act)
17 in accordance with section 101 operates with respect to
18 a Liability as a stay, applicable to all entities (as such
19 term is defined in section 101 of title 11, United States
20 Code), of—

21 (1) the commencement or continuation, includ-
22 ing the issuance or employment of process, of a judi-
23 cial, administrative, or other action or proceeding
24 against the Government of Puerto Rico that was or
25 could have been commenced before the enactment of

1 this Act, or to recover a Liability Claim against the
2 Government of Puerto Rico that arose before the en-
3 actment of this Act;

4 (2) the enforcement, against the Government of
5 Puerto Rico or against property of the Government
6 of Puerto Rico, of a judgment obtained before the
7 enactment of this Act;

8 (3) any act to obtain possession of property of
9 the Government of Puerto Rico or of property from
10 the Government of Puerto Rico or to exercise control
11 over property of the Government of Puerto Rico;

12 (4) any act to create, perfect, or enforce any
13 lien against property of the Government of Puerto
14 Rico;

15 (5) any act to create, perfect, or enforce against
16 property of the Government of Puerto Rico any lien
17 to the extent that such lien secures a Liability Claim
18 that arose before the enactment of this Act;

19 (6) any act to collect, assess, or recover a Li-
20 ability Claim against the Government of Puerto Rico
21 that arose before the enactment of this Act; and

22 (7) the setoff of any debt owing to the Govern-
23 ment of Puerto Rico that arose before the enactment
24 of this Act against any Liability Claim against the
25 Government of Puerto Rico.

1 (c) STAY NOT OPERABLE.—The establishment of an
2 Oversight Board for Puerto Rico in accordance with sec-
3 tion 101 does not operate as a stay—

4 (1) solely under subsection (b)(1) of this sec-
5 tion, of the continuation of, including the issuance or
6 employment of process, of a judicial, administrative,
7 or other action or proceeding against the Govern-
8 ment of Puerto Rico that was commenced on or be-
9 fore December 18, 2015; or

10 (2) of the commencement or continuation of an
11 action or proceeding by a governmental unit to en-
12 force such governmental unit’s or organization’s po-
13 lice and regulatory power, including the enforcement
14 of a judgment other than a money judgment, ob-
15 tained in an action or proceeding by the govern-
16 mental unit to enforce such governmental unit’s or
17 organization’s police or regulatory power.

18 (d) CONTINUATION OF STAY.—Except as provided in
19 subsections (e), (f), and (g) the stay under subsection (b)
20 continues until the earlier of—

21 (1) the later of—

22 (A) the later of—

23 (i) February 15, 2017; or

1 (ii) six months after the establishment
2 of an Oversight Board for Puerto Rico as
3 established by section 101(b);

4 (B) the date that is 75 days after the date
5 in subparagraph (A) if the Oversight Board de-
6 livers a certification to the Governor that, in
7 the Oversight Board's sole discretion, an addi-
8 tional 75 days are needed to seek to complete
9 a voluntary process under title VI of this Act
10 with respect to the government of the Common-
11 wealth of Puerto Rico or any of its territorial
12 instrumentalities; or

13 (C) the date that is 60 days after the date
14 in subparagraph (A) if the district court to
15 which an application has been submitted under
16 subparagraph 601(m)(1)(D) of this Act deter-
17 mines, in the exercise of the court's equitable
18 powers, that an additional 60 days are needed
19 to complete a voluntary process under title VI
20 of this Act with respect to the government of
21 the Commonwealth of Puerto Rico or any of its
22 territorial instrumentalities; or

23 (2) with respect to the government of the Com-
24 monwealth of Puerto Rico or any of its territorial in-
25 strumentalities, the date on which a case is filed by

1 or on behalf of the government of the Common-
2 wealth of Puerto Rico or any of its territorial instru-
3 mentalities, as applicable, under title III.

4 (e) JURISDICTION, RELIEF FROM STAY.—

5 (1) The United States District Court for the
6 District of Puerto Rico shall have original and exclu-
7 sive jurisdiction of any civil actions arising under or
8 related to this section.

9 (2) On motion of or action filed by a party in
10 interest and after notice and a hearing, the United
11 States District Court for the District of Puerto Rico,
12 for cause shown, shall grant relief from the stay pro-
13 vided under subsection (b) of this section.

14 (f) TERMINATION OF STAY; HEARING.—Forty-five
15 days after a request under subsection (e)(2) for relief from
16 the stay of any act against property of the Government
17 of Puerto Rico under subsection (b), such stay is termi-
18 nated with respect to the party in interest making such
19 request, unless the court, after notice and a hearing, or-
20 ders such stay continued in effect pending the conclusion
21 of, or as a result of, a final hearing and determination
22 under subsection (e)(2). A hearing under this subsection
23 may be a preliminary hearing, or may be consolidated with
24 the final hearing under subsection (e)(2). The court shall
25 order such stay continued in effect pending the conclusion

1 of the final hearing under subsection (e)(2) if there is a
2 reasonable likelihood that the party opposing relief from
3 such stay will prevail at the conclusion of such final hear-
4 ing. If the hearing under this subsection is a preliminary
5 hearing, then such final hearing shall be concluded not
6 later than thirty days after the conclusion of such prelimi-
7 nary hearing, unless the thirty-day period is extended with
8 the consent of the parties in interest or for a specific time
9 which the court finds is required by compelling cir-
10 cumstances.

11 (g) RELIEF TO PREVENT IRREPARABLE DAMAGE.—
12 Upon request of a party in interest, the court, with or
13 without a hearing, shall grant such relief from the stay
14 provided under subsection (b) as is necessary to prevent
15 irreparable damage to the interest of an entity in property,
16 if such interest will suffer such damage before there is
17 an opportunity for notice and a hearing under subsection
18 (e) or (f).

19 (h) ACT IN VIOLATION OF STAY IS VOID.—Any
20 order, judgment, or decree entered in violation of this sec-
21 tion and any act taken in violation of this section is void,
22 and shall have no force or effect, and any person found
23 to violate this section may be liable for damages, costs,
24 and attorneys' fees incurred in defending any action taken
25 in violation of this section, and the Oversight Board or

1 the Government of Puerto Rico may seek an order from
2 the court enforcing the provisions of this section.

3 (i) GOVERNMENT OF PUERTO RICO.—For purposes
4 of this section, the term “Government of Puerto Rico”,
5 in addition to the definition set forth in section 5(11) of
6 this Act, shall include—

7 (1) the individuals, including elected and ap-
8 pointed officials, directors, officers of and employees
9 acting in their official capacity on behalf of the Gov-
10 ernment of Puerto Rico; and

11 (2) the Oversight Board, including the directors
12 and officers of and employees acting in their official
13 capacity on behalf of the Oversight Board.

14 (j) NO DEFAULT UNDER EXISTING CONTRACTS.—

15 (1) Notwithstanding any contractual provision
16 or applicable law to the contrary and so long as a
17 stay under this section is in effect, the holder of a
18 Liability Claim or any other claim (as such term is
19 defined in section 101 of title 11, United States
20 Code) may not exercise or continue to exercise any
21 remedy under a contract or applicable law in respect
22 to the Government of Puerto Rico or any of its prop-
23 erty—

24 (A) that is conditioned upon the financial
25 condition of, or the commencement of a restruc-

1 turing, insolvency, bankruptcy, or other pro-
2 ceeding (or a similar or analogous process) by,
3 the Government of Puerto Rico, including a de-
4 fault or an event of default thereunder; or

5 (B) with respect to Liability Claims—

6 (i) for the non-payment of principal or
7 interest; or

8 (ii) for the breach of any condition or
9 covenant.

10 (2) The term “remedy” as used in paragraph
11 (1) shall be interpreted broadly, and shall include
12 any right existing in law or contract, including any
13 right to—

14 (A) setoff;

15 (B) apply or appropriate funds;

16 (C) seek the appointment of a custodian
17 (as such term is defined in section 101(11) of
18 title 11, United States Code);

19 (D) seek to raise rates; or

20 (E) exercise control over property of the
21 Government of Puerto Rico.

22 (3) Notwithstanding any contractual provision
23 or applicable law to the contrary and so long as a
24 stay under this section is in effect, a contract to
25 which the Government of Puerto Rico is a party may

1 not be terminated or modified, and any right or obli-
2 gation under such contract may not be terminated
3 or modified, solely because of a provision in such
4 contract is conditioned on—

5 (A) the insolvency or financial condition of
6 the Government of Puerto Rico at any time
7 prior to the enactment of this Act;

8 (B) the adoption of a resolution or estab-
9 lishment of an Oversight Board pursuant to
10 section 101 of this Act; or

11 (C) a default under a separate contract
12 that is due to, triggered by, or a result of the
13 occurrence of the events or matters in para-
14 graph (1)(B).

15 (4) Notwithstanding any contractual provision
16 to the contrary and so long as a stay under this sec-
17 tion is in effect, a counterparty to a contract with
18 the Government of Puerto Rico for the provision of
19 goods and services shall, unless the Government of
20 Puerto Rico agrees to the contrary in writing, con-
21 tinue to perform all obligations under, and comply
22 with the terms of, such contract, provided that the
23 Government of Puerto Rico is not in default under
24 such contract other than as a result of a condition
25 specified in paragraph (3).

1 (k) EFFECT.—This section does not discharge an ob-
2 ligation of the Government of Puerto Rico or release, in-
3 validate, or impair any security interest or lien securing
4 such obligation. This section does not impair or affect the
5 implementation of any restructuring support agreement
6 executed by the Government of Puerto Rico to be imple-
7 mented pursuant to Puerto Rico law specifically enacted
8 for that purpose prior to the enactment of this Act or the
9 obligation of the Government of Puerto Rico to proceed
10 in good faith as set forth in any such agreement.

11 (l) PAYMENTS ON LIABILITIES.—Nothing in this sec-
12 tion shall be construed to prohibit the Government of
13 Puerto Rico from making any payment on any Liability
14 when such payment becomes due during the term of the
15 stay, and to the extent the Oversight Board, in its sole
16 discretion, determines it is feasible, the Government of
17 Puerto Rico shall make interest payments on outstanding
18 indebtedness when such payments become due during the
19 length of the stay.

20 (m) FINDINGS.—Congress finds the following:

21 (1) A combination of severe economic decline,
22 and, at times, accumulated operating deficits, lack of
23 financial transparency, management inefficiencies,
24 and excessive borrowing has created a fiscal emer-
25 gency in Puerto Rico.

1 (2) As a result of its fiscal emergency, the Gov-
2 ernment of Puerto Rico has been unable to provide
3 its citizens with effective services.

4 (3) The current fiscal emergency has also af-
5 fected the long-term economic stability of Puerto
6 Rico by contributing to the accelerated outmigration
7 of residents and businesses.

8 (4) A comprehensive approach to fiscal, man-
9 agement, and structural problems and adjustments
10 that exempts no part of the Government of Puerto
11 Rico is necessary, involving independent oversight
12 and a Federal statutory authority for the Govern-
13 ment of Puerto Rico to restructure debts in a fair
14 and orderly process.

15 (5) Additionally, an immediate—but tem-
16 porary—stay is essential to stabilize the region for
17 the purposes of resolving this territorial crisis.

18 (A) The stay advances the best interests
19 common to all stakeholders, including but not
20 limited to a functioning independent Oversight
21 Board created pursuant to this Act to deter-
22 mine whether to appear or intervene on behalf
23 of the Government of Puerto Rico in any litiga-
24 tion that may have been commenced prior to
25 the effectiveness or upon expiration of the stay.

1 (B) The stay is limited in nature and nar-
2 rowly tailored to achieve the purposes of this
3 Act, including to ensure all creditors have a fair
4 opportunity to consensually renegotiate terms of
5 repayment based on accurate financial informa-
6 tion that is reviewed by an independent author-
7 ity or, at a minimum, receive a recovery from
8 the Government of Puerto Rico equal to their
9 best possible outcome absent the provisions of
10 this Act.

11 (6) Finally, the ability of the Government of
12 Puerto Rico to obtain funds from capital markets in
13 the future will be severely diminished without con-
14 gressional action to restore its financial account-
15 ability and stability.

16 (n) PURPOSES.—The purposes of this section are
17 to—

18 (1) provide the Government of Puerto Rico with
19 the resources and the tools it needs to address an
20 immediate existing and imminent crisis;

21 (2) allow the Government of Puerto Rico a lim-
22 ited period of time during which it can focus its re-
23 sources on negotiating a voluntary resolution with
24 its creditors instead of defending numerous, costly
25 creditor lawsuits;

1 (3) provide an oversight mechanism to assist
2 the Government of Puerto Rico in reforming its fis-
3 cal governance and support the implementation of
4 potential debt restructuring;

5 (4) make available a Federal restructuring au-
6 thority, if necessary, to allow for an orderly adjust-
7 ment of all of the Government of Puerto Rico’s li-
8 abilities; and

9 (5) benefit the lives of 3.5 million American
10 citizens living in Puerto Rico by encouraging the
11 Government of Puerto Rico to resolve its long-
12 standing fiscal governance issues and return to eco-
13 nomic growth.

14 (o) VOTING ON VOLUNTARY AGREEMENTS NOT
15 STAYED.—Notwithstanding any provision in this section
16 to the contrary, nothing in this section shall prevent the
17 holder of a Liability Claim from voting on or consenting
18 to a proposed modification of such Liability Claim under
19 title VI of this Act.

20 **SEC. 406. PURCHASES BY TERRITORY GOVERNMENTS.**

21 The text of section 302 of the Omnibus Insular Areas
22 Act of 1992 (48 U.S.C. 1469e), is amended to read as
23 follows: “The Governments of the Commonwealth of Puer-
24 to Rico, Guam, American Samoa, the Commonwealth of
25 the Northern Mariana Islands, and the United States Vir-

1 gin Islands are authorized to make purchases through the
2 General Services Administration.”.

3 **SEC. 407. PROTECTION FROM INTER-DEBTOR TRANSFERS.**

4 (a) PROTECTION OF CREDITORS.—While an Over-
5 sight Board for Puerto Rico is in existence, if any property
6 of any territorial instrumentality of Puerto Rico is trans-
7 ferred in violation of applicable law under which any cred-
8 itor has a valid pledge of, security interest in, or lien on
9 such property, or which deprives any such territorial in-
10 strumentality of property in violation of applicable law as-
11 suring the transfer of such property to such territorial in-
12 strumentality for the benefit of its creditors, then the
13 transferee shall be liable for the value of such property.

14 (b) ENFORCEABILITY.—A creditor may enforce
15 rights under this section by bringing an action in the
16 United States District Court for the District of Puerto
17 Rico after the expiration or lifting of the stay of section
18 405, unless a stay under title III is in effect.

19 **SEC. 408. GAO REPORT ON SMALL BUSINESS ADMINISTRA-**
20 **TION PROGRAMS IN PUERTO RICO.**

21 Section 15 of the Small Business Act (15 U.S.C. 644)
22 is amended by adding at the end the following new sub-
23 section:

24 “(t) GAO REPORT ON SMALL BUSINESS ADMINIS-
25 TRATION PROGRAMS IN PUERTO RICO.—Not later than

1 one year after the date of enactment of this subsection,
2 the Comptroller General of the United States shall submit
3 to the Committee on Small Business of the House of Rep-
4 resentatives and the Committee on Small Business and
5 Entrepreneurship of the Senate a report on the application
6 and utilization of contracting activities of the Administra-
7 tion (including contracting activities relating to HUBZone
8 small business concerns) in Puerto Rico. The report shall
9 also identify any provisions of Federal law that may create
10 an obstacle to the efficient implementation of such con-
11 tracting activities.”.

12 **SEC. 409. CONGRESSIONAL TASK FORCE ON ECONOMIC**
13 **GROWTH IN PUERTO RICO.**

14 (a) **ESTABLISHMENT.**—There is established within
15 the legislative branch a Congressional Task Force on Eco-
16 nomic Growth in Puerto Rico (hereinafter referred to as
17 the “Task Force”).

18 (b) **MEMBERSHIP.**—The Task Force shall be com-
19 posed of eight members as follows:

20 (1) One member of the House of Representa-
21 tives, who shall be appointed by the Speaker of the
22 House of Representatives, in coordination with the
23 Chairman of the Committee on Natural Resources of
24 the House of Representatives.

1 (2) One member of the House of Representa-
2 tives, who shall be appointed by the Speaker of the
3 House of Representatives, in coordination with the
4 Chairman of the Committee on Ways and Means of
5 the House of Representatives.

6 (3) One member of the House of Representa-
7 tives, who shall be appointed by the Minority Leader
8 of the House of Representatives, in coordination
9 with the ranking minority member of the Committee
10 on Natural Resources of the House of Representa-
11 tives.

12 (4) One member of the House of Representa-
13 tives, who shall be appointed by the Minority Leader
14 of the House of Representatives, in coordination
15 with the ranking minority member of the Committee
16 on Ways and Means of the House of Representa-
17 tives.

18 (5) One member of the Senate, who shall be ap-
19 pointed by the Majority Leader of the Senate, in co-
20 ordination with the Chairman of the Committee on
21 Energy and Natural Resources of the Senate.

22 (6) One member of the Senate, who shall be ap-
23 pointed by the Majority Leader of the Senate, in co-
24 ordination with the Chairman of the Committee on
25 Finance of the Senate.

1 (7) One member of the Senate, who shall be ap-
2 pointed by the Minority Leader of the Senate, in co-
3 ordination with the ranking minority member of the
4 Committee on Energy and Natural Resources of the
5 Senate.

6 (8) One member of the Senate, who shall be ap-
7 pointed by the Minority Leader of the Senate, in co-
8 ordination with the ranking minority member of the
9 Committee on Finance of the Senate.

10 (c) DEADLINE FOR APPOINTMENT.—All appoint-
11 ments to the Task Force shall be made not later than 15
12 days after the date of enactment of this Act.

13 (d) CHAIR.—The Speaker shall designate one Mem-
14 ber to serve as chair of the Task Force.

15 (e) VACANCIES.—Any vacancy in the Task Force
16 shall be filled in the same manner as the original appoint-
17 ment.

18 (f) STATUS UPDATE.—Between September 1, 2016,
19 and September 15, 2016, the Task Force shall provide a
20 status update to the House and Senate that includes—

21 (1) information the Task Force has collected;

22 and

23 (2) a discussion on matters the chairman of the
24 Task Force deems urgent for consideration by Con-
25 gress.

1 (g) REPORT.—Not later than December 31, 2016,
2 the Task Force shall issue a report of its findings to the
3 House and Senate regarding—

4 (1) impediments in current Federal law and
5 programs to economic growth in Puerto Rico includ-
6 ing equitable access to Federal health care pro-
7 grams;

8 (2) recommended changes to Federal law and
9 programs that, if adopted, would serve to spur sus-
10 tainable long-term economic growth, job creation, re-
11 duce child poverty, and attract investment in Puerto
12 Rico;

13 (3) the economic effect of Administrative Order
14 No. 346 of the Department of Health of the Com-
15 monwealth of Puerto Rico (relating to natural prod-
16 ucts, natural supplements, and dietary supplements)
17 or any successor or substantially similar order, rule,
18 or guidance of the Commonwealth of Puerto Rico;
19 and

20 (4) additional information the Task Force
21 deems appropriate.

22 (h) CONSENSUS VIEWS.—To the greatest extent
23 practicable, the report issued under subsection (f) shall
24 reflect the shared views of all eight Members, except that
25 the report may contain dissenting views.

1 (i) HEARINGS AND SESSIONS.—The Task Force may,
2 for the purpose of carrying out this section, hold hearings,
3 sit and act at times and places, take testimony, and re-
4 ceive evidence as the Task Force considers appropriate.
5 If the Task Force holds hearings, at least one such hear-
6 ing must be held in Puerto Rico.

7 (j) STAKEHOLDER PARTICIPATION.—In carrying out
8 its duties, the Task Force shall consult with the Puerto
9 Rico Legislative Assembly, the Puerto Rico Department
10 of Economic Development and Commerce, and the private
11 sector of Puerto Rico.

12 (k) RESOURCES.—The Task Force shall carry out its
13 duties by utilizing existing facilities, services, and staff of
14 the House of Representatives and Senate, except that no
15 additional funds are authorized to be appropriated to
16 carry out this section.

17 (l) TERMINATION.—The Task Force shall terminate
18 upon issuing the report required under subsection (f).

19 **SEC. 410. REPORT.**

20 Not later than 18 months after the date of the enact-
21 ment of this Act, the Comptroller General shall submit
22 a report to the Committee on Natural Resources of the
23 House of Representatives and the Committee on Energy
24 and Natural Resources of the Senate describing—

1 (1) the conditions which led to the level of debt,
2 which should be analyzed, per capita and based upon
3 overall economic activity;

4 (2) how actions of the territorial government
5 improved or impaired the territory's financial condi-
6 tions; and

7 (3) recommendations on non-fiscal actions, or
8 policies that would not imperil America's homeland
9 and national security, that could be taken by Con-
10 gress or the Administration to avert future indebted-
11 ness of territories, while respecting sovereignty and
12 constitutional parameters.

13 **SEC. 411. REPORT ON TERRITORIAL DEBT.**

14 (a) **REPORT REQUIRED.**—Not later than one year
15 after the date of the enactment of this Act, and thereafter
16 not less than once every two years, the Comptroller Gen-
17 eral of the United States shall submit to Congress a report
18 on the public debt of each territory, including—

19 (1) the historical levels of each territory's public
20 debt, current amount and composition of each terri-
21 tory's public debt, and future projections of each ter-
22 ritory's public debt;

23 (2) the historical levels of each territory's rev-
24 enue, current amount and composition of each terri-

1 tory's revenue, and future projections of each terri-
2 tory's revenue;

3 (3) the drivers and composition of each terri-
4 tory's public debt;

5 (4) the effect of Federal laws, mandates, rules,
6 and regulations on each territory's public debt; and

7 (5) the ability of each territory to repay its
8 public debt.

9 (b) MATERIALS.—The government of each territory
10 shall make available to the Comptroller General of the
11 United States all materials necessary to carry out this sec-
12 tion.

13 **SEC. 412. EXPANSION OF HUBZONES IN PUERTO RICO.**

14 (a) IN GENERAL.—

15 (1) Section 3(p)(4)(A) of the Small Business
16 Act (15 U.S.C. 632(p)(4)(A)) is amended to read as
17 follows:

18 “(A) QUALIFIED CENSUS TRACT.—

19 “(i) IN GENERAL.—The term ‘quali-
20 fied census tract’ has the meaning given
21 that term in section 42(d)(5)(B)(ii) of the
22 Internal Revenue Code of 1986.

23 “(ii) EXCEPTION.—For any metro-
24 politan statistical area in the Common-
25 wealth of Puerto Rico, the term ‘qualified

1 census tract' has the meaning given that
2 term in section 42(d)(5)(B)(ii) of the In-
3 ternal Revenue Code of 1986 as applied
4 without regard to subclause (II) of such
5 section, except that this clause shall only
6 apply—

7 “(I) 10 years after the date that
8 the Administrator implements this
9 clause, or

10 “(II) the date on which the Fi-
11 nancial Oversight and Management
12 Board for the Commonwealth of Puer-
13 to Rico created by the Puerto Rico
14 Oversight, Management, and Eco-
15 nomic Stability Act ceases to exist,
16 whichever event occurs first.”.

17 (2) REGULATIONS.—The Administrator of the
18 Small Business Administration shall issue regula-
19 tions to implement the amendment made by para-
20 graph (1) not later than 90 days after the date of
21 the enactment of this Act.

22 (b) IMPROVING OVERSIGHT.—

23 (1) GUIDANCE.—Not later than 270 days after
24 the date of the enactment of this Act, the Adminis-
25 trator of the Small Business Administration shall

1 develop and implement criteria and guidance on
2 using a risk-based approach to requesting and
3 verifying information from entities applying to be
4 designated or recertified as qualified HUBZone
5 small business concerns (as defined in section
6 3(p)(5) of the Small Business Act (15 U.S.C.
7 632(p)(5))).

8 (2) ASSESSMENT.—Not later 1 year after the
9 date on which the criteria and guidance described in
10 paragraph (1) is implemented, the Comptroller Gen-
11 eral of the United States shall begin an assessment
12 of such criteria and guidance. Not later than 6
13 months after beginning such an assessment, the
14 Comptroller General shall submit a report to the
15 Committee on Small Business and Entrepreneurship
16 of the Senate and the Committee on Small Business
17 of the House of Representatives that includes—

18 (A) an assessment of the criteria and guid-
19 ance issued by the Administrator of the Small
20 Business Administration in accordance with
21 paragraph (1);

22 (B) an assessment of the implementation
23 of the criteria and guidance issued by issued by
24 the Administrator of the Small Business Ad-
25 ministration in accordance with paragraph (1);

1 (C) an assessment as to whether these
2 measures have successfully ensured that only
3 qualified HUBZone small business concerns are
4 participating in the HUBZone program under
5 section 31 of the Small Business Act (15
6 U.S.C. 657a);

7 (D) an assessment as to whether the re-
8 forms made by the criteria and guidance imple-
9 mented under paragraph (1) have resulted in
10 job creation in the Commonwealth of Puerto
11 Rico; and

12 (E) recommendations on how to improve
13 controls in the HUBZone program.

14 **SEC. 413. DETERMINATION ON DEBT.**

15 Nothing in this Act shall be interpreted to restrict—

16 (1) the ability of the Puerto Rico Commission
17 for the Comprehensive Audit of the Public Credit to
18 file its reports; or

19 (2) the review and consideration of the Puerto
20 Rico Commission’s findings by Puerto Rico’s govern-
21 ment or an Oversight Board for Puerto Rico estab-
22 lished under section 101.

1 **TITLE V—PUERTO RICO INFRA-**
2 **STRUCTURE REVITALIZATION**

3 **SEC. 501. DEFINITIONS.**

4 In this title:

5 (1) ACT 76.—The term “Act 76” means Puerto
6 Rico Act 76–2000 (3 L.P.R.A. 1931 et seq.), ap-
7 proved on May 5, 2000, as amended.

8 (2) CRITICAL PROJECT.—The term “Critical
9 Project” means a project identified under the provi-
10 sions of this title and intimately related to address-
11 ing an emergency whose approval, consideration,
12 permitting, and implementation shall be expedited
13 and streamlined according to the statutory process
14 provided by Act 76, or otherwise adopted pursuant
15 to this title.

16 (3) ENERGY COMMISSION OF PUERTO RICO.—
17 The term “Energy Commission of Puerto Rico”
18 means the Puerto Rico Energy Commission as es-
19 tablished by Subtitle B of Puerto Rico Act 57–2014.

20 (4) ENERGY PROJECTS.—The term “Energy
21 Projects” means those projects addressing the gen-
22 eration, distribution, or transmission of energy.

23 (5) EMERGENCY.—The term “emergency”
24 means any event or grave problem of deterioration
25 in the physical infrastructure for the rendering of

1 essential services to the people, or that endangers
2 the life, public health, or safety of the population or
3 of a sensitive ecosystem, or as otherwise defined by
4 section 1 of Act 76 (3 L.P.R.A. 1931). This shall in-
5 clude problems in the physical infrastructure for en-
6 ergy, water, sewer, solid waste, highways or roads,
7 ports, telecommunications, and other similar infra-
8 structure.

9 (6) ENVIRONMENTAL QUALITY BOARD.—The
10 term “Environmental Quality Board” means the
11 Puerto Rico Environmental Quality Board, a board
12 within the executive branch of the Government of
13 Puerto Rico as established by section 7 of Puerto
14 Rico Act 416–2004 (12 L.P.R.A. 8002a).

15 (7) EXPEDITED PERMITTING PROCESS.—The
16 term “Expedited Permitting Process” means a Puer-
17 to Rico Agency’s alternate procedures, conditions,
18 and terms mirroring those established under Act 76
19 (3 L.P.R.A. 1932) and pursuant to this title shall
20 not apply to any Federal law, statute, or require-
21 ment.

22 (8) GOVERNOR.—The term “Governor” means
23 the Governor of Puerto Rico.

24 (9) INTERAGENCY ENVIRONMENTAL SUB-
25 COMMITTEE.—The term “Interagency Environ-

1 mental Subcommittee” means the Interagency Sub-
2 committee on Expedited Environmental Regulations
3 as further described by section 504.

4 (10) LEGISLATURE.—The term “Legislature”
5 means the Legislature of Puerto Rico.

6 (11) PLANNING BOARD.—The term “Planning
7 Board” means the Puerto Rico Planning Board, a
8 board within the executive branch of the Govern-
9 ment of Puerto Rico established by Puerto Rico Act
10 75–1975 (23 L.P.R.A. 62 et seq.).

11 (12) PROJECT SPONSOR.—The term “Project
12 Sponsor” means a Puerto Rico Agency or private
13 party proposing the development of an existing, on-
14 going, or new infrastructure project or Energy
15 Project.

16 (13) PUERTO RICO AGENCY OR AGENCIES.—
17 The terms “Puerto Rico Agency” or “Puerto Rico
18 Agencies” means any board, body, board of exam-
19 iners, public corporation, commission, independent
20 office, division, administration, bureau, department,
21 authority, official, person, entity, municipality, or
22 any instrumentality of Puerto Rico, or an adminis-
23 trative body authorized by law to perform duties of
24 regulating, investigating, or that may issue a deci-
25 sion, or with the power to issue licenses, certificates,

1 permits, concessions, accreditations, privileges, fran-
2 chises, except the Senate and the House of Rep-
3 resentatives of the Legislature and the judicial
4 branch.

5 (14) PUERTO RICO ELECTRIC POWER AUTHOR-
6 ITY.—The term “Puerto Rico Electric Power Au-
7 thority” means the Puerto Rico Electric Power Au-
8 thority established by Puerto Rico Act 83–1941.

9 **SEC. 502. POSITION OF REVITALIZATION COORDINATOR.**

10 (a) ESTABLISHMENT.—There is established, under
11 the Oversight Board, the position of the Revitalization Co-
12 ordinator.

13 (b) APPOINTMENT.—

14 (1) IN GENERAL.—The Revitalization Coordi-
15 nator shall be appointed by the Governor as follows:

16 (A) Prior to the appointment of the Revi-
17 talization Coordinator and within 60 days of
18 the appointment of the full membership of the
19 Oversight Board, the Oversight Board shall
20 submit to the Governor no less than three
21 nominees for appointment.

22 (B) In consultation with the Oversight
23 Board, not later than 10 days after receiving
24 the nominations under subparagraph (A), the
25 Governor shall appoint one of the nominees as

1 the Revitalization Coordinator. Such appoint-
2 ment shall be effective immediately.

3 (C) If the Governor fails to select a Revi-
4 talization Coordinator, the Oversight Board
5 shall, by majority vote, appoint a Revitalization
6 Coordinator from the list of nominees provided
7 under paragraph (A).

8 (2) QUALIFICATIONS.—In selecting nominees
9 under paragraph (1)(A), the Oversight Board shall
10 only nominate persons who—

11 (A) have substantial knowledge and exper-
12 tise in the planning, predevelopment, financing,
13 development, operations, engineering, or market
14 participation of infrastructure projects, pro-
15 vided that stronger consideration may be given
16 to candidates who have experience with Energy
17 Projects and the laws and regulations of Puerto
18 Rico that may be subject to an Expedited Per-
19 mitting Process;

20 (B) does not currently provide goods or
21 services to the government of Puerto Rico (and,
22 as applicable, is not the spouse, parent, child,
23 or sibling of a person who provides or has pro-
24 vided goods and services to the government of

1 Puerto Rico in the preceding 3 calendar years);
2 and

3 (C) shall not be an officer, employee of, or
4 former officer or employee of the government of
5 Puerto Rico in the preceding 3 calendar years.

6 (3) COMPENSATION.—The Revitalization Coor-
7 dinator shall be compensated at an annual rate de-
8 termined by the Oversight Board sufficient in the
9 judgment of the Oversight Board to obtain the serv-
10 ices of a person with the skills and experience re-
11 quired to discharge the duties of the position, but
12 such compensation shall not exceed the annual sal-
13 ary of the Executive Director.

14 (c) ASSIGNMENT OF PERSONNEL.—The Executive
15 Director of the Oversight Board may assign Oversight
16 Board personnel to assist the Revitalization Coordinator.

17 (d) REMOVAL.—

18 (1) IN GENERAL.—The Revitalization Coordi-
19 nator may be removed for any reason, in the Over-
20 sight Board's discretion.

21 (2) TERMINATION OF POSITION.—Upon the ter-
22 mination of the Oversight Board pursuant to section
23 209 of this Act, the position of the Revitalization
24 Coordinator shall terminate.

1 **SEC. 503. CRITICAL PROJECTS.**

2 (a) IDENTIFICATION OF PROJECTS.—

3 (1) PROJECT SUBMISSION.—Any Project Spon-
4 sor may submit, so long as the Oversight Board is
5 in operation, any existing, ongoing, or proposed
6 project to the Revitalization Coordinator. The Revi-
7 talization Coordinator shall require such submission
8 to include—

9 (A) the impact the project will have on an
10 emergency;

11 (B) the availability of immediate private
12 capital or other funds, including loan guaran-
13 tees, loans, or grants to implement, operate, or
14 maintain the project;

15 (C) the cost of the project and amount of
16 Puerto Rico government funds, if any, nec-
17 essary to complete and maintain the project;

18 (D) the environmental and economic bene-
19 fits provided by the project, including the num-
20 ber of jobs to be created that will be held by
21 residents of Puerto Rico and the expected eco-
22 nomic impact, including the impact on rate-
23 payers, if applicable;

24 (E) the status of the project if it is exist-
25 ing or ongoing; and

1 (F) in addition to the requirements found
2 in subparagraphs (A) through (E), the Revital-
3 ization Coordinator may require such submis-
4 sion to include any or all of the following cri-
5 teria that assess how the project will—

6 (i) reduce reliance on oil for electric
7 generation in Puerto Rico;

8 (ii) improve performance of energy in-
9 frastructure and overall energy efficiency;

10 (iii) expedite the diversification and
11 conversion of fuel sources for electric gen-
12 eration from oil to natural gas and renew-
13 ables in Puerto Rico as defined under ap-
14 plicable Puerto Rico laws;

15 (iv) promote the development and uti-
16 lization of energy sources found on Puerto
17 Rico;

18 (v) contribute to transitioning to
19 privatized generation capacities in Puerto
20 Rico;

21 (vi) support the Energy Commission
22 of Puerto Rico in achievement of its goal
23 of reducing energy costs and ensuring af-
24 fordable energy rates for consumers and
25 business; or

1 (vii) achieve in whole or in part the
2 recommendations, if feasible, of the study
3 in section 505(d) of this title to the extent
4 such study is completed and not incon-
5 sistent with studies or plans otherwise re-
6 quired under Puerto Rico laws.

7 (2) IDENTIFICATION OF RELEVANT PUERTO
8 RICO AGENCIES.—Within 20 days of receiving a
9 project submission under paragraph (1), the Revital-
10 ization Coordinator shall, in consultation with the
11 Governor, identify all Puerto Rico Agencies that will
12 have a role in the permitting, approval, authorizing,
13 or other activity related to the development of such
14 project submission.

15 (3) EXPEDITED PERMITTING PROCESS.—

16 (A) SUBMISSION OF EXPEDITED PERMIT-
17 TING PROCESS.—Not later than 20 days after
18 receiving a project submission, each Puerto
19 Rico Agency identified in paragraph (1) shall
20 submit to the Revitalization Coordinator the
21 Agency's Expedited Permitting Process.

22 (B) FAILURE TO PROVIDE EXPEDITED
23 PERMITTING PROCESS.—If a Puerto Rico Agen-
24 cy fails to provide an Expedited Permitting
25 Process within 20 days of receiving a project

1 submission, the Revitalization Coordinator shall
2 consult with the Governor to develop within 20
3 days an Expedited Permitting Process for the
4 Agency.

5 (C) IMPLEMENTATION AND
6 PRIORITIZATION.—The Revitalization Coordi-
7 nator shall require Puerto Rico Agencies to im-
8 plement the Expedited Permitting Process for
9 Critical Projects. Critical Projects shall be
10 prioritized to the maximum extent possible in
11 each Puerto Rico Agency regardless of any
12 agreements transferring or delegating permit-
13 ting authority to any other Territorial Instru-
14 mentality or municipality.

15 (b) CRITICAL PROJECT REPORT.—

16 (1) IN GENERAL.—For each submitted project,
17 the Revitalization Coordinator in consultation with
18 the Governor and relevant Puerto Rico Agencies
19 identified in subsection (a)(2) shall develop a Crit-
20 ical Project Report within 60 days of the project
21 submission, which shall include:

22 (A) An assessment of how well the project
23 meets the criteria in subsection (a)(1).

24 (B) A recommendation by the Governor
25 whether the project should be considered a Crit-

1 ical Project. If the Governor fails to provide a
2 recommendation during the development of the
3 Critical Project Report, the failure shall con-
4 stitute a concurrence with the Revitalization
5 Coordinator’s recommendation in subparagraph
6 (E).

7 (C) In the case of a project that may affect
8 the implementation of Land-Use Plans, as de-
9 fined by Puerto Rico Act 550–2004, a deter-
10 mination by the Planning Board will be re-
11 quired within the 60-day timeframe. If the
12 Planning Board determines such project will be
13 inconsistent with relevant Land-Use Plans, then
14 the project will be deemed ineligible for Critical
15 Project designation.

16 (D) In the case of an Energy Project that
17 will connect with the Puerto Rico Electric
18 Power Authority’s transmission or distribution
19 facilities, a recommendation by the Energy
20 Commission of Puerto Rico, if the Energy Com-
21 mission determines such Energy Project will af-
22 fect an approved Integrated Resource Plan, as
23 defined under Puerto Rico Act 54–2014. If the
24 Energy Commission determines the Energy
25 Project will adversely affect an approved Inte-

1 grated Resource Plan, then the Energy Com-
2 mission shall provide the reasons for such de-
3 termination and the Energy Project shall be in-
4 eligible for Critical Project designation, pro-
5 vided that such determination must be made
6 during the 60-day timeframe for the develop-
7 ment of the Critical Project Report.

8 (E) A recommendation by the Revitaliza-
9 tion Coordinator whether the project should be
10 considered a Critical Project.

11 (2) PUBLIC INVOLVEMENT.—Immediately fol-
12 lowing the completion of the Critical Project Report,
13 the Revitalization Coordinator shall make such Crit-
14 ical Project Report public and allow a period of 30
15 days for the submission of comments by residents of
16 Puerto Rico specifically on matters relating to the
17 designation of a project as a Critical Project. The
18 Revitalization Coordinator shall respond to the com-
19 ments within 30 days of closing the coming period
20 and make the responses publicly available.

21 (3) SUBMISSION TO OVERSIGHT BOARD.—Not
22 later than 5 days after the Revitalization Coordi-
23 nator has responded to the comments under para-
24 graph (2), the Revitalization Coordinator shall sub-

1 mit the Critical Project Report to the Oversight
2 Board.

3 (c) ACTION BY THE OVERSIGHT BOARD.—Not later
4 than 30 days after receiving the Critical Project Report,
5 the Oversight Board, by majority vote, shall approve or
6 disapprove the project as a Critical Project, if the Over-
7 sight Board—

8 (1) approves the project, the project shall be
9 deemed a Critical Project; and

10 (2) disapproves the project, the Oversight
11 Board shall submit to the Revitalization Coordinator
12 in writing the reasons for disapproval.

13 **SEC. 504. MISCELLANEOUS PROVISIONS.**

14 (a) CREATION OF INTERAGENCY ENVIRONMENTAL
15 SUBCOMMITTEE.—

16 (1) ESTABLISHMENT.—Not later than 60 days
17 after the date on which the Revitalization Coordi-
18 nator is appointed, the Interagency Environmental
19 Subcommittee shall be established and shall evaluate
20 environmental documents required under Puerto
21 Rico law for any Critical Project within the Expe-
22 dited Permitting Process established by the Revital-
23 ization Coordinator under section 503(a)(3).

24 (2) COMPOSITION.—The Interagency Environ-
25 mental Subcommittee shall consist of the Revitaliza-

1 tion Coordinator, and a representative selected by
2 the Governor in consultation with the Revitalization
3 Coordinator representing each of the following agen-
4 cies: The Environmental Quality Board, the Plan-
5 ning Board, the Puerto Rico Department of Natural
6 and Environmental Resources, and any other Puerto
7 Rico Agency determined to be relevant by the Revi-
8 talization Coordinator.

9 (b) LENGTH OF EXPEDITED PERMITTING PROC-
10 ESS.—With respect to a Puerto Rico Agency’s activities
11 related only to a Critical Project, such Puerto Rico Agency
12 shall operate as if the Governor has declared an emergency
13 pursuant to section 2 of Act 76 (3 L.P.R.A. 1932). Sec-
14 tion 12 of Act 76 (3 L.P.R.A. 1942) shall not be applica-
15 ble to Critical Projects. Furthermore, any transactions,
16 processes, projects, works, or programs essential to the
17 completion of a Critical Project shall continue to be proc-
18 essed and completed under such Expedited Permitting
19 Process regardless of the termination of the Oversight
20 Board under section 209.

21 (c) EXPEDITED PERMITTING PROCESS COMPLI-
22 ANCE.—

23 (1) WRITTEN NOTICE.—A Critical Project
24 Sponsor may in writing notify the Oversight Board
25 of the failure of a Puerto Rico Agency or the Revi-

1 talization Coordinator to adhere to the Expedited
2 Permitting Process.

3 (2) FINDING OF FAILURE.—If the Oversight
4 Board finds either the Puerto Rico Agency or Revi-
5 talization Coordinator has failed to adhere to the
6 Expedited Permitting Process, the Oversight Board
7 shall direct the offending party to comply with the
8 Expedited Permitting Process. The Oversight Board
9 may take such enforcement action as necessary as
10 provided by section 104(l).

11 (d) REVIEW OF LEGISLATURE ACTS.—

12 (1) SUBMISSION OF ACTS TO OVERSIGHT
13 BOARD.—Pursuant to section 204(a), the Governor
14 shall submit to the Oversight Board any law duly
15 enacted during any fiscal year in which the Over-
16 sight Board is in operation that may affect the Ex-
17 pedited Permitting Process.

18 (2) FINDING OF OVERSIGHT BOARD.—Upon re-
19 ceipt of a law under paragraph (1), the Oversight
20 Board shall promptly review whether the law would
21 adversely impact the Expedited Permitting Process
22 and, upon such a finding, the Oversight Board may
23 deem such law to be significantly inconsistent with
24 the applicable Fiscal Plan.

1 (e) ESTABLISHMENT OF CERTAIN TERMS AND CON-
2 DITIONS.—No Puerto Rico Agency may include in any cer-
3 tificate, right-of-way, permit, lease, or other authorization
4 issued for a Critical Project any term or condition that
5 may be permitted, but is not required, by any applicable
6 Puerto Rico law, if the Revitalization Coordinator deter-
7 mines the term or condition would prevent or impair the
8 expeditious construction, operation, or expansion of the
9 Critical Project. The Revitalization Coordinator may re-
10 quest a Puerto Rico Agency to include in any certificate,
11 right-of-way, permit, lease, or other authorization, a term
12 or condition that may be permitted in accordance with ap-
13 plicable laws if the Revitalization Coordinator determines
14 such inclusion would support the expeditious construction,
15 operation, or expansion of any Critical Project.

16 (f) DISCLOSURE.—All Critical Project reports, and
17 justifications for approval or rejection of Critical Project
18 status, shall be made publicly available online within 5
19 days of receipt or completion.

20 **SEC. 505. FEDERAL AGENCY REQUIREMENTS.**

21 (a) FEDERAL POINTS OF CONTACT.—At the request
22 of the Revitalization Coordinator and within 30 days of
23 receiving such a request, each Federal agency with juris-
24 diction over the permitting, or administrative or environ-
25 mental review of private or public projects in Puerto Rico,

1 shall name a Point of Contact who will serve as that agen-
2 cy’s liaison with the Revitalization Coordinator.

3 (b) FEDERAL GRANTS AND LOANS.—For each Crit-
4 ical Project with a pending or potential Federal grant,
5 loan, or loan guarantee application, the Revitalization Co-
6 ordinator and the relevant Point of Contact shall cooper-
7 ate with each other to ensure expeditious review of such
8 application.

9 (c) EXPEDITED REVIEWS AND ACTIONS OF FEDERAL
10 AGENCIES.—All reviews conducted and actions taken by
11 any Federal agency relating to a Critical Project shall be
12 expedited in a manner consistent with completion of the
13 necessary reviews and approvals by the deadlines under
14 the Expedited Permitting Process, but in no way shall the
15 deadlines established through the Expedited Permitting
16 Process be binding on any Federal agency.

17 (d) TRANSFER OF STUDY OF ELECTRIC RATES.—
18 Section 9 of the Consolidated and Further Continuing Ap-
19 propriations Act, 2015 (48 U.S.C. 1492a) is amended—

20 (1) in subsection (a)(5), by inserting “, except
21 that, with respect to Puerto Rico, the term means,
22 the Secretary of Energy” after “Secretary of the In-
23 terior”; and

24 (2) in subsection (b)—

1 (A) by inserting “(except in the case of
2 Puerto Rico, in which case not later than 270
3 days after the date of enactment of the Puerto
4 Rico Oversight, Management, and Economic
5 Stability Act)” after “of this Act”; and

6 (B) by inserting “(except in the case of
7 Puerto Rico)” after “Empowering Insular Com-
8 munities activity”.

9 **SEC. 506. JUDICIAL REVIEW.**

10 (a) DEADLINE FOR FILING OF A CLAIM.—A claim
11 arising under this title must be brought no later than 30
12 days after the date of the decision or action giving rise
13 to the claim.

14 (b) EXPEDITED CONSIDERATION.—The District
15 Court for the District of Puerto Rico shall set any action
16 brought under this title for expedited consideration, taking
17 into account the interest of enhancing Puerto Rico’s infra-
18 structure for electricity, water and sewer services, roads
19 and bridges, ports, and solid waste management to achieve
20 compliance with local and Federal environmental laws,
21 regulations, and policies while ensuring the continuity of
22 adequate services to the people of Puerto Rico and Puerto
23 Rico’s sustainable economic development.

1 **SEC. 507. SAVINGS CLAUSE.**

2 Nothing in this title is intended to change or alter
3 any Federal legal requirements or laws.

4 **TITLE VI—CREDITOR**
5 **COLLECTIVE ACTION**

6 **SEC. 601. CREDITOR COLLECTIVE ACTION.**

7 (a) DEFINITIONS.—In this title:

8 (1) ADMINISTRATIVE SUPERVISOR.—The term
9 “Administrative Supervisor” means the Oversight
10 Board established under section 101.

11 (2) AUTHORIZED TERRITORIAL INSTRUMENTALITY.—The term “Authorized Territorial Instrumentality” means a covered territorial instrumentality authorized in accordance with subsection (e).

12 (3) CALCULATION AGENT.—The term “Calculation Agent” means a calculation agent appointed in
13 accordance with subsection (k).

14 (4) CAPITAL APPRECIATION BOND.—The term
15 “Capital Appreciation Bond” means a Bond that
16 does not pay interest on a current basis, but for
17 which interest amounts are added to principal over
18 time as specified in the relevant offering materials
19 for such Bond, including that the accreted interest
20 amount added to principal increases daily.

21 (5) CONVERTIBLE CAPITAL APPRECIATION
22 BOND.—The term “Convertible Capital Appreciation
23
24
25
26

1 Bond” means a Bond that does not pay interest on
2 a current basis, but for which interest amounts are
3 added to principal over time as specified in the rel-
4 evant offering materials and which converts to a cur-
5 rent pay bond on a future date.

6 (6) INFORMATION AGENT.—The term “Infor-
7 mation Agent” means an information agent ap-
8 pointed in accordance with subsection (1).

9 (7) INSURED BOND.—The term “Insured
10 Bond” means a bond subject to a financial guar-
11 antee or similar insurance contract, policy or surety
12 issued by a monoline insurer.

13 (8) ISSUER.—The term “Issuer” means, as ap-
14 plicable, the Territory Government Issuer or an Au-
15 thorized Territorial Instrumentality that has issued
16 or guaranteed at least one Bond that is Out-
17 standing.

18 (9) MODIFICATION.—The term “Modification”
19 means any modification, amendment, supplement or
20 waiver affecting one or more series of Bonds, includ-
21 ing those effected by way of exchange, repurchase,
22 conversion, or substitution.

23 (10) OUTSTANDING.—The term “Outstanding,”
24 in the context of the principal amount of Bonds,

1 shall be determined in accordance with subsection
2 (b).

3 (11) OUTSTANDING PRINCIPAL.—The term
4 “Outstanding Principal” means—

5 (A) for a Bond that is not a Capital Ap-
6 preciation Bond or a Convertible Capital Appre-
7 ciation Bond, the outstanding principal amount
8 of such Bond; and

9 (B) for a Bond that is a Capital Apprecia-
10 tion Bond or a Convertible Capital Appreciation
11 Bond, the current accreted value of such Cap-
12 ital Appreciation Bond or a Convertible Capital
13 Appreciation Bond, as applicable.

14 (12) POOL.—The term “Pool” means a pool es-
15 tablished in accordance with subsection (d).

16 (13) QUALIFYING MODIFICATION.—The term
17 “Qualifying Modification” means a Modification pro-
18 posed in accordance with subsection (g).

19 (14) SECURED POOL.—The term “Secured
20 Pool” means a Pool established in accordance with
21 subsection (d) consisting only of Bonds that are se-
22 cured by a lien on property, provided that the inclu-
23 sion of a Bond Claim in such Pool shall not in any
24 way limit or prejudice the right of the Issuer, the
25 Administrative Supervisor, or any creditor to re-

1 characterize or challenge such Bond Claim, or any
2 purported lien securing such Bond Claim, in any
3 other manner in any subsequent proceeding in the
4 event a proposed Qualifying Modification is not con-
5 summated.

6 (15) TERRITORY GOVERNMENT ISSUER.—The
7 term “Territory Government Issuer” means the Gov-
8 ernment of Puerto Rico or such covered territory for
9 which an Oversight Board has been established pur-
10 suant to section 101.

11 (b) OUTSTANDING BONDS.—In determining whether
12 holders of the requisite principal amount of Outstanding
13 Bonds have voted in favor of, or consented to, a proposed
14 Qualifying Modification, a Bond will be deemed not to be
15 outstanding, and may not be counted in a vote or consent
16 solicitation for or against a proposed Qualifying Modifica-
17 tion, if on the record date for the proposed Qualifying
18 Modification—

19 (1) the Bond has previously been cancelled or
20 delivered for cancellation or is held for reissuance
21 but has not been reissued;

22 (2) the Bond has previously been called for re-
23 demption in accordance with its terms or previously
24 become due and payable at maturity or otherwise
25 and the Issuer has previously satisfied its obligation

1 to make, or provide for, all payments due in respect
2 of the Bond in accordance with its terms;

3 (3) the Bond has been substituted with a secu-
4 rity of another series; or

5 (4) the Bond is held by the Issuer or by an Au-
6 thorized Territorial Instrumentality of the Territory
7 Government Issuer or by a corporation, trust or
8 other legal entity that is controlled by the Issuer or
9 an Authorized Territorial Instrumentality of the
10 Territory Government Issuer, as applicable.

11 For purposes of this subsection, a corporation, trust or
12 other legal entity is controlled by the Issuer or by an Au-
13 thorized Territorial Instrumentality of the Territory Gov-
14 ernment Issuer if the Issuer or an Authorized Territorial
15 Instrumentality of the Territory Government Issuer, as
16 applicable, has the power, directly or indirectly, through
17 the ownership of voting securities or other ownership in-
18 terests, by contract or otherwise, to direct the manage-
19 ment of or elect or appoint a majority of the board of di-
20 rectors or other persons performing similar functions in
21 lieu of, or in addition to, the board of directors of that
22 legal entity.

23 (c) CERTIFICATION OF DISENFRANCHISED BONDS.—
24 Prior to any vote on, or consent solicitation for, a Quali-
25 fying Modification, the Issuer shall deliver to the Calcula-

1 tion Agent a certificate signed by an authorized represent-
2 ative of the Issuer specifying any Bonds that are deemed
3 not to be Outstanding for the purpose of subsection (b)
4 above.

5 (d) DETERMINATION OF POOLS FOR VOTING.—The
6 Administrative Supervisor, in consultation with the Issuer,
7 shall establish Pools in accordance with the following:

8 (1) Not less than one Pool shall be established
9 for each Issuer.

10 (2) A Pool that contains one or more Bonds
11 that are secured by a lien on property shall be a Se-
12 cured Pool.

13 (3) The Administrative Supervisor shall estab-
14 lish Pools according to the following principles:

15 (A) For each Issuer that has issued mul-
16 tiple Bonds that are distinguished by specific
17 provisions governing priority or security ar-
18 rangements, including Bonds that have been
19 issued as general obligations of the Territory
20 Government Issuer to which the Territory Gov-
21 ernment Issuer pledged the full or good faith,
22 credit, and taxing power of the Territory Gov-
23 ernment Issuer, separate Pools shall be estab-
24 lished corresponding to the relative priority or
25 security arrangements of each holder of Bonds

1 against each Issuer, as applicable, provided,
2 however, that the term “priority” as used in
3 this section shall not be understood to mean
4 differing payment or maturity dates.

5 (B) For each Issuer that has issued senior
6 and subordinated Bonds, separate Pools shall
7 be established for the senior and subordinated
8 Bonds corresponding to the relative priority or
9 security arrangements.

10 (C) For each Issuer that has issued mul-
11 tiple Bonds, for at least some of which a guar-
12 antee of repayment has been provided by the
13 Territory Government Issuer, separate Pools
14 shall be established for such guaranteed and
15 non-guaranteed Bonds.

16 (D) Subject to the other requirements con-
17 tained in this section, for each Issuer that has
18 issued multiple Bonds, for at least some of
19 which a dedicated revenue stream has been
20 pledged for repayment, separate Pools for such
21 Issuer shall be established as follows—

22 (i) for each dedicated revenue stream
23 that has been pledged for repayment, not
24 less than one Secured Pool for Bonds for
25 which such revenue stream has been

1 pledged, and separate Secured Pools shall
2 be established for Bonds of different pri-
3 ority; and

4 (ii) not less than one Pool for all
5 other Bonds issued by the Issuer for which
6 a dedicated revenue stream has not been
7 pledged for repayment.

8 (E) The Administrative Supervisor shall
9 not place into separate Pools Bonds of the same
10 Issuer that have identical rights in security or
11 priority.

12 (4) Notwithstanding the preceding provisions of
13 this subsection, solely with respect to a preexisting
14 voluntary agreement as described in section
15 104(i)(3) of this Act, such voluntary agreement may
16 classify Insured Bonds and uninsured bonds in dif-
17 ferent Pools and provide different treatment thereof
18 so long as the preexisting voluntary agreement has
19 been agreed to by—

20 (A) holders of a majority in amount of all
21 uninsured bonds outstanding in the modified
22 Pool; and

23 (B) holders (including insurers with power
24 to vote) of a majority in amount of all Insured
25 Bonds.

1 (e) AUTHORIZATION OF TERRITORY INSTRUMENTAL-
2 ITIES.—A covered territorial instrumentality is an Author-
3 ized Territorial Instrumentality if it has been specifically
4 authorized to be eligible to avail itself of the procedures
5 under this section by the Administrative Supervisor.

6 (f) INFORMATION DELIVERY REQUIREMENT.—Be-
7 fore solicitation of acceptance or rejection of a Modifica-
8 tion under subsection (h), the Issuer shall provide to the
9 Calculation Agent, the Information Agent, and the Admin-
10 istrative Supervisor, the following information—

11 (1) a description of the Issuer’s economic and
12 financial circumstances which are, in the Issuer’s
13 opinion, relevant to the request for the proposed
14 Qualifying Modification, a description of the Issuer’s
15 existing debts, a description of the impact of the
16 proposed Qualifying Modification on the territory’s
17 or its territorial instrumentalities’ public debt;

18 (2) if the Issuer is seeking Modifications affect-
19 ing any other Pools of Bonds of the Territory Gov-
20 ernment Issuer or its Authorized Territorial Instru-
21 mentalities, a description of such other Modifica-
22 tions;

23 (3) if a Fiscal Plan with respect to such Issuer
24 has been certified, the applicable Fiscal Plan cer-
25 tified in accordance with section 201; and

1 (4) such other information as may be required
2 under applicable securities laws.

3 (g) QUALIFYING MODIFICATION.—A Modification is
4 a Qualifying Modification if one of the following processes
5 has occurred:

6 (1) CONSULTATION PROCESS.—

7 (A) the Issuer proposing the Modification
8 has consulted with holders of Bonds in each
9 Pool of such Issuer prior to soliciting a vote on
10 such Modification;

11 (B) each exchanging, repurchasing, con-
12 verting, or substituting holder of Bonds of any
13 series in a Pool affected by that Modification is
14 offered the same amount of consideration per
15 amount of principal, the same amount of con-
16 sideration per amount of interest accrued but
17 unpaid and the same amount of consideration
18 per amount of past due interest, respectively, as
19 that offered to each other exchanging, repur-
20 chasing, converting, or substituting holder of
21 Bonds of any series in a Pool affected by that
22 Modification (or, where a menu of instruments
23 or other consideration is offered, each exchang-
24 ing, repurchasing, converting, or substituting
25 holder of Bonds of any series in a Pool affected

1 by that Modification is offered the same
2 amount of consideration per amount of prin-
3 cipal, the same amount of consideration per
4 amount of interest accrued but unpaid and the
5 same amount of consideration per amount of
6 past due interest, respectively, as that offered
7 to each other exchanging, repurchasing, con-
8 verting, or substituting holder of Bonds of any
9 series in a Pool affected by that Modification
10 electing the same option under such menu of in-
11 struments); and

12 (C) the Modification is certified by the Ad-
13 ministrative Supervisor as being consistent with
14 the requirements set forth in section 104(i)(1)
15 and is in the best interests of the creditors and
16 is feasible.

17 (2) VOLUNTARY AGREEMENT PROCESS.—The
18 Administrative Supervisor has issued a certification
19 that—

20 (A) the requirements set forth in section
21 104(i)(2) and section 601(g)(1)(B) have been
22 satisfied; or

23 (B) the Modification is consistent with a
24 restructuring support or similar agreement to
25 be implemented pursuant to the law of the cov-

1 ered territory executed by the Issuer prior to
2 the establishment of an Oversight Board for the
3 relevant territory.

4 (h) SOLICITATION.—

5 (1) Upon receipt of a certification from the Ad-
6 ministrative Supervisor under subsection (g), the In-
7 formation Agent shall, if practical and except as pro-
8 vided in paragraph (2), submit to the holders of any
9 Outstanding Bonds of the relevant Issuer, including
10 holders of the right to vote such Outstanding Bonds,
11 the information submitted by the relevant Issuer
12 under subsection (f)(1) in order to solicit the vote of
13 such holders to approve or reject the Qualifying
14 Modification.

15 (2) If the Information Agent is unable to iden-
16 tify the address of holders of any Outstanding
17 Bonds of the relevant Issuer, the Information Agent
18 may solicit the vote or consent of such holders by—

19 (A) delivering the solicitation to the paying
20 agent for any such Issuer or Depository Trust
21 Corporation if it serves as the clearing system
22 for any of the Issuer's Outstanding Bonds; or

23 (B) delivering or publishing the solicitation
24 by whatever additional means the Information
25 Agent, after consultation with the Issuer, deems

1 necessary and appropriate in order to make a
2 reasonable effort to inform holders of any Out-
3 standing Bonds of the Issuer which may in-
4 clude, notice by mail, publication in electronic
5 media, publication on a website of the Issuer, or
6 publication in newspapers of national circula-
7 tion in the United States and in a newspaper
8 of general circulation in the territory.

9 (i) WHO MAY PROPOSE A MODIFICATION.—For each
10 Issuer, a Modification may be proposed to the Administra-
11 tive Supervisor by the Issuer or by one or more holders
12 of the right to vote the Issuer’s Outstanding Bonds. To
13 the extent a Modification proposed by one or more holders
14 of the right to vote Outstanding Bonds otherwise complies
15 with the requirements of this title, the Administrative Su-
16 pervisor may accept such Modification on behalf of the
17 Issuer, in which case the Administrative Supervisor will
18 instruct the Issuer to provide the information required in
19 subsection (f).

20 (j) VOTING.—For each Issuer, any Qualifying Modi-
21 fication may be made with the affirmative vote of the hold-
22 ers of the right to vote at least two-thirds of the Out-
23 standing Principal amount of the Outstanding Bonds in
24 each Pool that have voted to approve or reject the Quali-
25 fying Modification, provided that holders of the right to

1 vote not less than a majority of the aggregate Outstanding
2 Principal amount of all the Outstanding Bonds in each
3 Pool have voted to approve the Qualifying Modification.
4 The holder of the right to vote the Outstanding Bonds
5 that are Insured Bonds shall be the monoline insurer in-
6 suring such Insured Bond to the extent such insurer is
7 granted the right to vote Insured Bonds for purposes of
8 directing remedies or consenting to proposed amendments
9 or modifications as provided in the applicable documents
10 pursuant to which such Insured Bond was issued and in-
11 sured.

12 (k) CALCULATION AGENT.—For the purpose of cal-
13 culating the principal amount of the Bonds of any series
14 eligible to participate in such a vote or consent solicitation
15 and tabulating such votes or consents, the Territory Gov-
16 ernment Issuer may appoint a Calculation Agent for each
17 Pool reasonably acceptable to the Administrative Super-
18 visor.

19 (l) INFORMATION AGENT.—For the purpose of ad-
20 ministering a vote of holders of Bonds, including the hold-
21 ers of the right to vote such Bonds, or seeking the consent
22 of holder of Bonds, including the holders of the right to
23 vote such Bonds, to a written action under this section,
24 the Territory Government Issuer may appoint an Informa-

1 tion Agent for each Pool reasonably acceptable to the Ad-
2 ministrative Supervisor.

3 (m) BINDING EFFECT.—

4 (1) A Qualifying Modification will be conclusive
5 and binding on all holders of Bonds whether or not
6 they have given such consent, and on all future hold-
7 ers of those Bonds whether or not notation of such
8 Qualifying Modification is made upon the Bonds,
9 if—

10 (A) the holders of the right to vote the
11 Outstanding Bonds in every Pool of the Issuer
12 pursuant to subsection (j) have consented to or
13 approved the Qualifying Modification;

14 (B) the Administrative Supervisor certifies
15 that—

16 (i) the voting requirements of this sec-
17 tion have been satisfied;

18 (ii) the Qualifying Modification com-
19 plies with the requirements set forth in
20 section 104(i)(1); and

21 (iii) except for such conditions that
22 have been identified in the Qualifying
23 Modification as being non-waivable, any
24 conditions on the effectiveness of the
25 Qualifying Modification have been satisfied

1 or, in the Administrative Supervisor's sole
2 discretion, satisfaction of such conditions
3 has been waived;

4 (C) with respect to a Bond Claim that is
5 secured by a lien on property and with respect
6 to which the holder of such Bond Claim has re-
7 jected or not consented to the Qualifying Modi-
8 fication, the holder of such Bond—

9 (i) retains the lien securing such Bond
10 Claims; or

11 (ii) receives on account of such Bond
12 Claim, through deferred cash payments,
13 substitute collateral, or otherwise, at least
14 the equivalent value of the lesser of the
15 amount of the Bond Claim or of the collat-
16 eral securing such Bond Claim; and

17 (D) the district court for the territory or,
18 for any territory that does not have a district
19 court, the United States District Court for the
20 District of Hawaii, has, after reviewing an ap-
21 plication submitted to it by the applicable
22 Issuer for an order approving the Qualifying
23 Modification, entered an order that the require-
24 ments of this section have been satisfied.

1 (2) Upon the entry of an order under para-
2 graph (1)(D), the conclusive and binding Qualifying
3 Modification shall be valid and binding on any per-
4 son or entity asserting claims or other rights, includ-
5 ing a beneficial interest (directly or indirectly, as
6 principal, agent, counterpart, subrogee, insurer or
7 otherwise) in respect of Bonds subject to the Quali-
8 fying Modification, any trustee, any collateral agent,
9 any indenture trustee, any fiscal agent, and any
10 bank that receives or holds funds related to such
11 Bonds. All property of an Issuer for which an order
12 has been entered under paragraph (1)(D) shall vest
13 in the Issuer free and clear of all claims in respect
14 of any Bonds of any other Issuer. Such Qualifying
15 Modification will be full, final, complete, binding,
16 and conclusive as to the territorial government
17 Issuer, other territorial instrumentalities of the terri-
18 torial government Issuer, and any creditors of such
19 entities, and should not be subject to any collateral
20 attack or other challenge by any such entities in any
21 court or other forum. Other than as provided herein,
22 the foregoing shall not prejudice the rights and
23 claims of any party that insured the Bonds, includ-
24 ing the right to assert claims under the Bonds as
25 modified following any payment under the insurance

1 policy, and no claim or right that may be asserted
2 by any party in a capacity other than holder of a
3 Bond affected by the Qualifying Modification shall
4 be satisfied, released, discharged, or enjoined by this
5 provision.

6 (n) JUDICIAL REVIEW.—

7 (1) The district court for the territory or, for
8 any territory that does not have a district court, the
9 United States District Court for the District of Ha-
10 waii shall have original and exclusive jurisdiction
11 over civil actions arising under this section.

12 (2) Notwithstanding section 106(e), there shall
13 be a cause of action to challenge unlawful applica-
14 tion of this section.

15 (3) The district court shall nullify a Modifica-
16 tion and any effects on the rights of the holders of
17 Bonds resulting from such Modification if and only
18 if the district court determines that such Modifica-
19 tion is manifestly inconsistent with this section.

20 **SEC. 602. APPLICABLE LAW.**

21 In any judicial proceeding regarding this title, Fed-
22 eral, State, or territorial laws of the United States, as ap-
23 plicable, shall govern and be applied without regard or ref-
24 erence to any law of any international or foreign jurisdic-
25 tion.

1 **TITLE VII—SENSE OF CONGRESS**
2 **REGARDING PERMANENT,**
3 **PRO-GROWTH FISCAL RE-**
4 **FORMS**

5 **SEC. 701. SENSE OF CONGRESS REGARDING PERMANENT,**
6 **PRO-GROWTH FISCAL REFORMS.**

7 It is the sense of the Congress that any durable solu-
8 tion for Puerto Rico’s fiscal and economic crisis should
9 include permanent, pro-growth fiscal reforms that feature,
10 among other elements, a free flow of capital between pos-
11 sessions of the United States and the rest of the United
12 States.

Passed the House of Representatives June 9, 2016.

Attest:

Clerk.

114TH CONGRESS
2^D SESSION

H. R. 5278

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.