

114TH CONGRESS
2D SESSION

H. R. 5278

To establish an Oversight Board to assist the Government of Puerto Rico, including instrumentalities, in managing its public finances, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2016

Mr. DUFFY (for himself, Mr. BISHOP of Utah, and Mr. SENSENBRENNER) introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on the Judiciary, Education and the Workforce, and Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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,*

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

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

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Effective date.
- Sec. 3. Severability.
- Sec. 4. Supremacy.
- Sec. 5. Definitions.
- Sec. 6. Placement.
- Sec. 7. Compliance with Federal laws.

TITLE I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT
BOARD

- Sec. 101. Territory Financial Oversight and Management Board.
- Sec. 102. Location of Oversight Board.
- Sec. 103. Executive Director and staff of Oversight Board.
- Sec. 104. Powers of Oversight Board.
- Sec. 105. Exemption from liability for claims.
- Sec. 106. Treatment of actions arising from Act.
- Sec. 107. Budget and funding for operation of Oversight Board.
- Sec. 108. Autonomy of Oversight Board.
- Sec. 109. Ethics.

TITLE II—RESPONSIBILITIES OF OVERSIGHT BOARD

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

TITLE III—ADJUSTMENTS OF DEBTS

- Sec. 301. Applicability of other laws; definitions.
- Sec. 302. Who may be a debtor.
- Sec. 303. Reservation of territorial power to control territory and territorial instrumentalities.
- Sec. 304. Petition and proceedings relating to petition.
- Sec. 305. Limitation on jurisdiction and powers of court.
- Sec. 306. Jurisdiction.
- Sec. 307. Venue.
- Sec. 308. Selection of presiding judge.
- Sec. 309. Abstention.
- Sec. 310. Applicable rules of procedure.
- Sec. 311. Leases.
- Sec. 312. Filing of plan of adjustment.

- Sec. 313. Modification of plan.
- Sec. 314. Confirmation.
- Sec. 315. Role and capacity of Oversight Board.
- Sec. 316. Compensation of professionals.
- Sec. 317. Interim compensation.

TITLE IV—MISCELLANEOUS PROVISIONS

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

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.

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

1 in section 101 of title 11, United States Code) cre-
2 ated before, on, or after such date.

3 **SEC. 3. SEVERABILITY.**

4 If any provision of this Act or the application thereof
5 to any person or circumstance is held invalid, the remain-
6 der of this Act, or the application of that provision to per-
7 sons or circumstances other than those as to which it is
8 held invalid, is not affected thereby, provided that title III
9 is not severable from titles I and II, and titles I and II
10 are not severable from title III.

11 **SEC. 4. SUPREMACY.**

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

15 **SEC. 5. DEFINITIONS.**

16 In this Act—

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

1 (2) BOND.—The term “Bond” means a bond,
2 loan, letter of credit, other borrowing title, obligation
3 of insurance, or other financial indebtedness, includ-
4 ing rights, entitlements, or obligations whether such
5 rights, entitlements, or obligations arise from con-
6 tract, statute, or any other source of law, in any
7 case, related to such a bond, loan, letter of credit,
8 other borrowing title, obligation of insurance, or
9 other financial indebtedness in physical or demate-
10 rialized form, of which—

11 (A) the issuer, obligor, or guarantor is the
12 territorial government; and

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

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

17 (A) right to payment, whether or not such
18 right is reduced to judgment, liquidated, unliq-
19 uidated, fixed, contingent, matured, unmatured,
20 disputed, undisputed, legal, equitable, secured,
21 or unsecured; or

22 (B) right to an equitable remedy for
23 breach of performance if such breach gives rise
24 to a right to payment, whether or not such
25 right to an equitable remedy is reduced to judg-

1 ment, fixed, contingent, matured, unmatured,
2 disputed, undisputed, secured, or unsecured.

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

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

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

11 (A) agreed accounting standards; and

12 (B) the applicable Fiscal Plan.

13 (7) COVERED TERRITORIAL INSTRUMEN-
14 TALITY.—The term “covered territorial instrumen-
15 tality” means a territorial instrumentality des-
16 ignated by the Oversight Board pursuant to section
17 101 to be subject to the requirements of this Act.

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

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

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

4 (11) GOVERNMENT OF PUERTO RICO.—The
5 term “Government of Puerto Rico” means the Com-
6 monwealth of Puerto Rico, including all its terri-
7 torial instrumentalities.

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

10 (13) INSTRUMENTALITY BUDGET.—The term
11 “Instrumentality Budget” means a budget for a cov-
12 ered territorial instrumentality, designated by the
13 Oversight Board in accordance with section 101,
14 submitted, approved, and certified in accordance
15 with section 202.

16 (14) INSTRUMENTALITY FISCAL PLAN.—The
17 term “Instrumentality Fiscal Plan” means a fiscal
18 plan for a covered territorial instrumentality, des-
19 ignated by the Oversight Board in accordance with
20 section 101, submitted, approved, and certified in
21 accordance with section 201.

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

1 (16) MODIFIED ACCRUAL ACCOUNTING STAND-
2 ARDS.—The term “modified accrual accounting
3 standards” means recognizing revenues as they be-
4 come available and measurable and recognizing ex-
5 penditures when liabilities are incurred, in each case
6 as defined by the Governmental Accounting Stand-
7 ards Board, in accordance with generally accepted
8 accounting principles.

9 (17) OVERSIGHT BOARD.—The term “Oversight
10 Board” means a Financial Oversight and Manage-
11 ment Board established in accordance with section
12 101.

13 (18) TERRITORIAL GOVERNMENT.—The term
14 “territorial government” means the government of a
15 covered territory, including all covered territorial in-
16 strumentalities.

17 (19) TERRITORIAL INSTRUMENTALITY.—

18 (A) IN GENERAL.—The term “territorial
19 instrumentality” means any political subdivi-
20 sion, public agency, instrumentality—including
21 any instrumentality that is also a bank—or pub-
22 lic corporation of a territory, and this term
23 should be broadly construed to effectuate the
24 purposes of this Act.

1 (B) EXCLUSION.—The term “territorial in-
2 strumentality” does not include an Oversight
3 Board.

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

6 (A) Puerto Rico;

7 (B) Guam;

8 (C) American Samoa;

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

11 (E) the United States Virgin Islands.

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

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

20 **SEC. 6. PLACEMENT.**

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

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

24 Except as otherwise provided in this Act, nothing in
25 this Act shall be construed as impairing or in any manner

1 relieving a territorial government, or any territorial instru-
2 mentality thereof, from compliance with Federal laws or
3 requirements or territorial laws and requirements imple-
4 menting a federally authorized or federally delegated pro-
5 gram, protecting the health, safety, and environment of
6 persons in such territory.

7 **TITLE I—ESTABLISHMENT AND**
8 **ORGANIZATION OF OVER-**
9 **SIGHT BOARD**

10 **SEC. 101. TERRITORY FINANCIAL OVERSIGHT AND MAN-**
11 **AGEMENT BOARD.**

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

15 (b) ESTABLISHMENT.—

16 (1) IN GENERAL.—Except as provided in para-
17 graph (2), a Financial Oversight and Management
18 Board for a territory is established in accordance
19 with this section only if the Legislature of the terri-
20 tory adopts a resolution signed by the Governor re-
21 questing the establishment.

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

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

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

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

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

14 (d) OVERSIGHT OF TERRITORIAL INSTRUMENTAL-
15 ITIES.—

16 (1) DESIGNATION.—

17 (A) IN GENERAL.—An Oversight Board, in
18 its sole discretion at such time as the Oversight
19 Board determines to be appropriate, may des-
20 ignate any territorial instrumentality as a cov-
21 ered territorial instrumentality that is subject
22 to the requirements of this Act.

23 (B) BUDGETS AND REPORTS.—The Over-
24 sight Board may require in its sole discretion
25 the Governor to submit to the Oversight Board

1 such budgets and monthly or quarterly reports
2 regarding a covered territorial instrumentality
3 as the Oversight Board determines to be nec-
4 essary and may designate any covered terri-
5 torial instrumentality to be included in the Ter-
6 ritory Budget; except that the Oversight Board
7 may not designate a covered territorial instru-
8 mentality to be included in the Territory Budg-
9 et if applicable territory law does not require
10 legislative approval of such covered territorial
11 instrumentality's budget.

12 (C) SEPARATE INSTRUMENTALITY BUDG-
13 ETS AND REPORTS.—The Oversight Board in
14 its sole discretion may or, if it requires a budg-
15 et from a covered territorial instrumentality
16 whose budget does not require legislative ap-
17 proval under applicable territory law, shall des-
18 ignate a covered territorial instrumentality to
19 be the subject of an Instrumentality Budget
20 separate from the applicable Territory Budget
21 and require that the Governor develop such an
22 Instrumentality Budget.

23 (D) INCLUSION IN TERRITORY FISCAL
24 PLAN.—The Oversight Board may require in its
25 sole discretion the Governor to include a cov-

1 ered territorial instrumentality in the applicable
2 Territory Fiscal Plan.

3 (E) SEPARATE INSTRUMENTALITY FISCAL
4 PLANS.—The Oversight Board may designate in
5 its sole discretion a covered territorial instru-
6 mentality to be the subject of an Instrumen-
7 tality Fiscal Plan separate from the applicable
8 Territory Fiscal Plan and require that the Gov-
9 ernor develop such an Instrumentality Fiscal
10 Plan.

11 (2) EXCLUSION.—

12 (A) IN GENERAL.—An Oversight Board, in
13 its sole discretion, at such time as the Oversight
14 Board determines to be appropriate, may ex-
15 clude any territorial instrumentality from the
16 requirements of this Act.

17 (B) TREATMENT.—A territorial instrumen-
18 tality excluded pursuant to this paragraph shall
19 not be considered to be a covered territorial in-
20 strumentality.

21 (e) MEMBERSHIP.—

22 (1) IN GENERAL.—

23 (A) The Oversight Board shall consist of
24 seven members appointed by the President who

1 meet the qualifications described in subsection
2 (f) and section 109(a).

3 (B) The Board shall be comprised of one
4 Category A member, one Category B member,
5 two Category C members, one Category D
6 member, one Category E member, and one Cat-
7 egory F member.

8 (2) APPOINTED MEMBERS.—

9 (A) The President shall appoint the indi-
10 vidual members of the Oversight Board, of
11 which—

12 (i) the Category A member should be
13 selected from a list of individuals sub-
14 mitted by the Speaker of the House of
15 Representatives;

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

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

23 (iv) the Category D member should be
24 selected from a list submitted by the Mi-

1 minority Leader of the House of Representa-
2 tives;

3 (v) the Category E member should be
4 selected from a list submitted by the Mi-
5 nority Leader of the Senate; and

6 (vi) the Category F member may be
7 selected in his sole discretion.

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

11 (i) the Speaker of the House of Rep-
12 resentatives shall submit two non-overlap-
13 ping lists of at least three, individuals to
14 the President; one list shall include three
15 individuals who maintain a primary resi-
16 dence in the territory or have a primary
17 place of business in the territory;

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

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

1 (iv) the Minority Leader of the Senate
2 shall submit a list of at least three individ-
3 uals to the President.

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

9 (D) The Category A member shall main-
10 tain a primary residence in the territory or have
11 a primary place of business in the territory.

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

19 (F) For purposes of subparagraph
20 101(e)(6), in the event of a vacancy of a Cat-
21 egory A, B, C, D, or E Board seat, the cor-
22 responding congressional leader referenced in
23 subparagraph (A) shall submit a list pursuant
24 to this subsection within a timely manner of the

1 Board member's resignation or removal becom-
2 ing effective.

3 (G) With respect to an Oversight Board
4 for Puerto Rico, in the event any of the 7 mem-
5 bers have not been appointed by September 30,
6 2016, then the President shall appoint an indi-
7 vidual from the list for the current vacant cat-
8 egory by December 1, 2016, provided that such
9 list includes at least 2 individuals per vacancy
10 who meet the requirements set forth in sub-
11 section (f) and section 109, and are willing to
12 serve.

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

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

19 (2) prior to appointment, an individual is not
20 an officer, elected official, or employee of the terri-
21 torial government, a candidate for elected office of
22 the territorial government, or a former elected offi-
23 cial of the territorial government.

24 (g) NO COMPENSATION FOR SERVICE.—Members of
25 the Oversight Board shall serve without pay, but may re-

1 ceive reimbursement from the Oversight Board for any
2 reasonable and necessary expenses incurred by reason of
3 service on the Oversight Board.

4 (h) ADOPTION OF BYLAWS FOR CONDUCTING BUSI-
5 NESS OF OVERSIGHT BOARD.—

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

17 (2) ACTIVITIES REQUIRING APPROVAL OF MA-
18 JORITY OF MEMBERS.—Under the bylaws adopted
19 pursuant to paragraph (1), the Oversight Board
20 may conduct its operations under such procedures as
21 it considers appropriate, except that an affirmative
22 vote of a majority of the members of the Oversight
23 Board's full appointed membership shall be required
24 in order for the Oversight Board to approve a Fiscal
25 Plan under section 201, to approve a Budget under

1 section 202, to cause a legislative act not to be en-
2 forced under section 204, or to designate an infra-
3 structure project as a Critical Project under section
4 503.

5 (3) ADOPTION OF RULES AND REGULATIONS OF
6 TERRITORIAL GOVERNMENT.—The Oversight Board
7 may incorporate in its bylaws, rules, and procedures
8 under this subsection such rules and regulations of
9 the territorial government as it considers appro-
10 priate to enable it to carry out its activities under
11 this Act with the greatest degree of independence
12 practicable.

13 (4) EXECUTIVE SESSION.—Upon a majority
14 vote of the Oversight Board’s full voting member-
15 ship, the Oversight Board may conduct its business
16 in an executive session that consists solely of the
17 Oversight Board’s voting members and is closed to
18 the public, but only for the business items set forth
19 as part of the vote to convene an executive session.

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

21 The Oversight Board shall have an office in the cov-
22 ered territory and additional offices as it deems necessary.
23 At any time, any department or agency of the United
24 States may provide the Oversight Board use of Federal
25 facilities and equipment on a reimbursable or non-reim-

1 bursable basis and subject to such terms and conditions
2 as the head of that department or agency may establish.

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

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

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

23 (c) INAPPLICABILITY OF CERTAIN EMPLOYMENT
24 AND PROCUREMENT LAWS.—The Executive Director and
25 staff of the Oversight Board may be appointed and paid

1 without regard to any provision of the laws of the covered
2 territory or the Federal Government governing appoint-
3 ments and salaries. Any provision of the laws of the cov-
4 ered territory governing procurement shall not apply to
5 the Oversight Board.

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

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

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

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

1 (b) POWERS OF MEMBERS AND AGENTS.—Any mem-
2 ber or agent of the Oversight Board may, if authorized
3 by the Oversight Board, take any action that the Over-
4 sight Board is authorized to take by this section.

5 (c) OBTAINING OFFICIAL DATA.—

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

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

1 mation, or data as will enable the Oversight Board
2 to carry out its responsibilities under this Act. The
3 head of the entity of the territorial government re-
4 sponsible shall provide the Oversight Board with
5 such information and assistance (including granting
6 the Oversight Board direct access to automated or
7 other information systems) as the Oversight Board
8 requires under this paragraph.

9 (d) OBTAINING CREDITOR INFORMATION.—

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

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

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

23 (i) the date the creditor acquired the
24 claims or other economic interests or, in

1 the case of an organized group of credi-
2 tors, the date the group was formed; or

3 (ii) the date the Oversight Board was
4 formed.

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

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

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

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

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

1 be available for disbursement upon order of the Chair,
2 consistent with the Oversight Board's bylaws, or rules and
3 procedures. All gifts, bequests or devises and the identities
4 of the donors shall be publicly disclosed by the Oversight
5 Board within 30 days of receipt.

6 (f) SUBPOENA POWER.—

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

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

1 ished by the court in accordance with civil contempt
2 laws of the covered territory.

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

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

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

25 (i) VOLUNTARY AGREEMENT CERTIFICATION.—

1 (1) IN GENERAL.—The Oversight Board shall
2 issue a certification to a covered territory or covered
3 territorial instrumentality if the Oversight Board de-
4 termines, in its sole discretion, that such covered
5 territory or covered territorial instrumentality, as
6 applicable, has successfully reached a voluntary
7 agreement with holders of its Bond Claims to re-
8 structure such Bond Claims—

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

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

22 (C) notwithstanding subparagraphs (A)
23 and (B), if an applicable Fiscal Plan has not
24 yet been certified and the voluntary agreement
25 is limited solely to an extension of applicable

1 principal maturities and interest on Bonds
2 issued by such covered territory or covered ter-
3 ritorial instrumentality, as applicable, for a pe-
4 riod of up to one year during which time no in-
5 terest will be paid on the Bond Claims affected
6 by the voluntary agreement.

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

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

12 (B) either—

13 (i) the agreement of a majority in
14 amount of the Bond Claims of a covered
15 territory or covered territorial instrumen-
16 tality that is to be affected by such agree-
17 ment; or

18 (ii) confirmation of a plan of adjust-
19 ment pursuant to section 314 of this Act
20 or the entry of an order approving a Quali-
21 fying Modification pursuant to section
22 601(m) of this Act.

23 (3) PREEXISTING VOLUNTARY AGREEMENTS.—
24 Any voluntary agreements that the territorial gov-
25 ernment or any covered territorial instrumentality

1 has executed with holders of its debts to restructure
2 such debts prior to the date of enactment of the Act
3 shall be deemed to be in conformance with the re-
4 quirements of this subsection, to the extent the re-
5 quirements of paragraph (2) have been satisfied.

6 (j) RESTRUCTURING FILINGS.—

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

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

14 (A) the filing of a petition; or

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

17 (3) CONDITION FOR PLANS OF ADJUSTMENT.—

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

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

25 (l) PENALTIES.—

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

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

24 (3) REPORT BY GOVERNOR ON DISCIPLINARY
25 ACTIONS TAKEN.—In the case of a violation of para-

1 graph (2) by an officer or employee of the territorial
2 government, the Governor shall immediately report
3 to the Oversight Board all pertinent facts together
4 with a statement of the action taken thereon.

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

10 (n) ADMINISTRATIVE SUPPORT SERVICES.—Upon
11 the request of the Oversight Board, the Administrator of
12 General Services shall promptly provide to the Oversight
13 Board, on a reimbursable or non-reimbursable basis, the
14 administrative support services necessary for the Over-
15 sight Board to carry out its responsibilities under this Act.

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

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

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

23 (a) JURISDICTION.—Except as provided in section
24 104(f)(2) (relating to the issuance of an order enforcing
25 a subpoena), and title III (relating to adjustments of

1 debts), any action against the Oversight Board, and any
2 action otherwise arising out of this Act, in whole or in
3 part, shall be brought in a United States district court
4 for the covered territory or, for any covered territory that
5 does not have a district court, in the United States Dis-
6 trict Court for the District of Hawaii.

7 (b) APPEAL.—Notwithstanding any other provision
8 of law, any order of a United States district court that
9 is issued pursuant to an action brought under subsection
10 (a) shall be subject to review only pursuant to a notice
11 of appeal to the applicable United States Court of Ap-
12 peals.

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

22 (d) EXPEDITED CONSIDERATION.—It shall be the
23 duty of the applicable United States District Court, the
24 applicable United States Court of Appeals, and, as appli-
25 cable, the Supreme Court of the United States to advance

1 on the docket and to expedite to the greatest possible ex-
2 tent the disposition of any matter brought under this Act.

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

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

9 (a) SUBMISSION OF BUDGET.—The Oversight Board
10 shall submit a budget for each fiscal year during which
11 the Oversight Board is in operation, to the President, the
12 House of Representatives Committee on Natural Re-
13 sources and the Senate Committee on Energy and Natural
14 Resources, the Governor, and the Legislature.

15 (b) FUNDING.—The Oversight Board shall use its
16 powers with respect to the Territory Budget of the covered
17 territory to ensure that sufficient funds are available to
18 cover all expenses of the Oversight Board. Within 30 days
19 after the date of enactment of this Act, the territorial gov-
20 ernment shall designate a dedicated funding source, not
21 subject to subsequent legislative appropriations, sufficient
22 to support the annual expenses of the Oversight Board
23 as determined in the Oversight Board’s sole and exclusive
24 discretion.

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

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

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

7 (2) enact, implement, or enforce any statute,
8 resolution, policy, or rule that would impair or de-
9 feat the purposes of this Act, as determined by the
10 Oversight Board.

11 (b) OVERSIGHT BOARD LEGAL REPRESENTATION.—

12 In any action brought by or on behalf of the Oversight
13 Board, the Oversight Board shall be represented by such
14 counsel as it may hire or retain so long as no conflict of
15 interest exists.

16 **SEC. 109. ETHICS.**

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

22 (b) FINANCIAL DISCLOSURE.—Notwithstanding any
23 ethics provision governing employees of the covered terri-
24 tory, all members of the Oversight Board and staff des-
25 ignated by the Oversight Board shall be subject to disclo-
26 sure of their financial interests, the contents of which shall

1 conform to the same requirements set forth in section 102
2 of the Ethics in Government Act of 1978 (5 U.S.C. app.).

3 **TITLE II—RESPONSIBILITIES OF**
4 **OVERSIGHT BOARD**

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

6 (a) IN GENERAL.—As soon as practicable after all
7 of the members and the Chair have been appointed to the
8 Oversight Board in accordance with section 101(e) in the
9 fiscal year in which the Oversight Board is established,
10 and in each fiscal year thereafter during which the Over-
11 sight Board is in operation, the Oversight Board shall de-
12 liver a notice to the Governor providing a schedule for the
13 process of development, submission, approval, and certifi-
14 cation of Fiscal Plans. The notice may also set forth a
15 schedule for revisions to any Fiscal Plan that has already
16 been certified, which revisions must be subject to subse-
17 quent approval and certification by the Oversight Board.
18 The Oversight Board shall consult with the Governor in
19 establishing a schedule, but the Oversight Board shall re-
20 tain sole discretion to set or, by delivery of a subsequent
21 notice to the Governor, change the dates of such schedule
22 as it deems appropriate and reasonably feasible.

23 (b) REQUIREMENTS.—

24 (1) IN GENERAL.—A Fiscal Plan developed
25 under this section shall, with respect to the terri-

1 territorial government or covered territorial instrumen-
2 tality, provide a method to achieve fiscal responsi-
3 bility and access to the capital markets, and—

4 (A) provide for estimates of revenues and
5 expenditures in conformance with agreed ac-
6 counting standards and be based on—

7 (i) applicable laws; or

8 (ii) specific bills that require enact-
9 ment in order to reasonably achieve the
10 projections of the Fiscal Plan;

11 (B) ensure the funding of essential public
12 services;

13 (C) provide adequate funding for public
14 pension systems;

15 (D) provide for the elimination of struc-
16 tural deficits;

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

21 (F) improve fiscal governance, account-
22 ability, and internal controls;

23 (G) enable the achievement of fiscal tar-
24 gets;

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

2 (I) include a debt sustainability analysis;

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

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

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

6 (M) ensure that assets, funds, or resources of a territorial instrumentality are not loaned to, transferred to, or otherwise used for the benefit of a covered territory or another covered territorial instrumentality of a covered territory, unless permitted by the constitution of the territory or agreed to by a certified voluntary agreement under section 104(i), an approved plan of adjustment under title III, or a Qualifying Modification approved under title VI; and

7 (N) respect the relative lawful priorities or lawful liens, as may be applicable, in the constitution, other laws, or agreements of a covered territory or covered territorial instrumentality

1 in effect prior to the date of enactment of this
2 Act.

3 (2) TERM.—A Fiscal Plan developed under this
4 section shall cover a period of fiscal years as deter-
5 mined by the Oversight Board in its sole discretion
6 but in any case a period of not less than 5 fiscal
7 years from the fiscal year in which it is certified by
8 the Oversight Board.

9 (c) DEVELOPMENT, REVIEW, APPROVAL, AND CER-
10 TIFICATION OF FISCAL PLAN.—

11 (1) TIMING REQUIREMENT.—The Governor
12 may not submit to the Legislature a Territory Budg-
13 et under section 202 for a fiscal year unless the
14 Oversight Board has certified the Fiscal Plan for
15 that fiscal year in accordance with this subsection,
16 unless the Oversight Board in its sole discretion
17 waives this requirement.

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

23 (3) REVIEW BY THE OVERSIGHT BOARD.—The
24 Oversight Board shall review the proposed Fiscal
25 Plan to determine whether it satisfies the require-

1 ments set forth in subsection (b) and, if the Over-
2 sight Board determines in its sole discretion that the
3 proposed Fiscal Plan—

4 (A) satisfies such requirements, the Over-
5 sight Board shall approve the proposed Fiscal
6 Plan; or

7 (B) does not satisfy such requirements, the
8 Oversight Board shall provide to the Gov-
9 ernor—

10 (i) a notice of violation that includes
11 recommendations for revisions to the appli-
12 cable Fiscal Plan; and

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

15 (d) REVISED FISCAL PLAN.—

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

1 (2) DEVELOPMENT BY OVERSIGHT BOARD.—If
2 the Governor fails to submit to the Oversight Board
3 a Fiscal Plan that the Oversight Board determines
4 in its sole discretion satisfies the requirements set
5 forth in subsection (b) by the time specified in the
6 notice delivered under subsection (a), the Oversight
7 Board shall develop and submit to the Governor and
8 the Legislature a Fiscal Plan that satisfies the re-
9 quirements set forth in subsection (b).

10 (e) APPROVAL AND CERTIFICATION.—

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

16 (2) DEEMED APPROVAL OF FISCAL PLAN DE-
17 VELOPED BY OVERSIGHT BOARD.—If the Oversight
18 Board develops a Fiscal Plan under subsection
19 (d)(2), such Fiscal Plan shall be deemed approved
20 by the Governor, and the Oversight Board shall
21 issue a compliance certification for such Fiscal Plan
22 to the Governor and the Legislature.

23 (f) JOINT DEVELOPMENT OF FISCAL PLAN.—Not-
24 withstanding any other provision of this section, if the
25 Governor and the Oversight Board jointly develop a Fiscal

1 Plan for the fiscal year that meets the requirements under
2 this section, and that the Governor and the Oversight
3 Board certify that the fiscal plan reflects a consensus be-
4 tween the Governor and the Oversight Board, then such
5 Fiscal Plan shall serve as the Fiscal Plan for the territory
6 or territorial instrumentality for that fiscal year.

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

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

1 cretion to set or, by delivery of a subsequent notice to the
2 Governor and the Legislature, change the dates of such
3 schedule as it deems appropriate and reasonably feasible.

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

10 (c) BUDGETS DEVELOPED BY GOVERNOR.—

11 (1) GOVERNOR’S PROPOSED BUDGETS.—The
12 Governor shall submit to the Oversight Board pro-
13 posed Budgets by the time specified in the notice de-
14 livered under subsection (a). In consultation with the
15 Governor in accordance with the process specified in
16 the notice delivered under subsection (a), the Over-
17 sight Board shall determine in its sole discretion
18 whether each proposed Budget is compliant with the
19 applicable Fiscal Plan and—

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

22 (i) approve the Budget; and

23 (ii) if the Budget is a Territory Budg-
24 et, submit the Territory Budget to the
25 Legislature; or

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

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

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

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

24 (d) BUDGET APPROVAL BY LEGISLATURE.—

1 (1) LEGISLATURE ADOPTED BUDGET.—The
2 Legislature shall submit to the Oversight Board the
3 Territory Budget adopted by the Legislature by the
4 time specified in the notice delivered under sub-
5 section (a). The Oversight Board shall determine
6 whether the adopted Territory Budget is a compliant
7 budget and—

8 (A) if the adopted Territory Budget is a
9 compliant budget, the Oversight Board shall
10 issue a compliance certification for such compli-
11 ant budget pursuant to subsection (e); and

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

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

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

20 (2) LEGISLATURE’S REVISIONS.—The Legisla-
21 ture may correct any violations identified by the
22 Oversight Board and submit a revised Territory
23 Budget to the Oversight Board in accordance with
24 the process established under paragraph (1) and by
25 the time specified in the notice delivered under sub-

1 section (a). The Legislature may submit as many re-
2 vised adopted Territory Budgets to the Oversight
3 Board as the schedule established in the notice deliv-
4 ered under subsection (a) permits. If the Legislature
5 fails to adopt a Territory Budget that the Oversight
6 Board determines is a compliant budget by the time
7 specified in the notice delivered under subsection (a),
8 the Oversight Board shall develop a revised Terri-
9 tory Budget that is a compliant budget and submit
10 it to the Governor and the Legislature.

11 (e) CERTIFICATION OF BUDGETS.—

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

22 (2) CERTIFICATION OF DEVELOPED INSTRU-
23 MENTALITY BUDGETS.—If the Governor develops an
24 Instrumentality Budget that is a compliant budget
25 by the day before the first day of the fiscal year for

1 which the Instrumentality Budget is being developed
2 and in accordance with the process established under
3 subsection (c), the Oversight Board shall issue a
4 compliance certification to the Governor for such In-
5 strumentality Budget.

6 (3) DEEMED CERTIFICATION OF TERRITORY
7 BUDGETS.—If the Governor and the Legislature fail
8 to develop and approve a Territory Budget that is
9 a compliant budget by the day before the first day
10 of the fiscal year for which the Territory Budget is
11 being developed, the Oversight Board shall submit a
12 Budget to the Governor and the Legislature (includ-
13 ing any revision to the Territory Budget made by
14 the Oversight Board pursuant to subsection (d)(2))
15 and such Budget shall be—

16 (A) deemed to be approved by the Gov-
17 ernor and the Legislature;

18 (B) the subject of a compliance certifi-
19 cation issued by the Oversight Board to the
20 Governor and the Legislature; and

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

23 (4) DEEMED CERTIFICATION OF INSTRUMEN-
24 TALITY BUDGETS.—If the Governor fails to develop
25 an Instrumentality Budget that is a compliant budg-

1 et by the day before the first day of the fiscal year
2 for which the Instrumentality Budget is being devel-
3 oped, the Oversight Board shall submit an Instru-
4 mentality Budget to the Governor (including any re-
5 vision to the Territory Budget made by the Over-
6 sight Board pursuant to subsection (c)(2)) and such
7 Budget shall be—

8 (A) deemed to be approved by the Gov-
9 ernor;

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

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

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

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

3 (a) SUBMISSION OF REPORTS.—Not later than 15
4 days after the last day of each quarter of a fiscal year
5 (beginning with the fiscal year determined by the Over-
6 sight Board), the Governor shall submit to the Oversight
7 Board a report, in such form as the Oversight Board may
8 require, describing—

9 (1) the actual cash revenues, cash expenditures,
10 and cash flows of the territorial government for the
11 preceding quarter, as compared to the projected rev-
12 enues, expenditures, and cash flows contained in the
13 certified Budget for such preceding quarter; and

14 (2) any other information requested by the
15 Oversight Board, which may include a balance sheet
16 or a requirement that the Governor provide informa-
17 tion for each covered territorial instrumentality sep-
18 arately.

19 (b) INITIAL ACTION BY OVERSIGHT BOARD.—

20 (1) IN GENERAL.—If the Oversight Board de-
21 termines, based on reports submitted by the Gov-
22 ernor under subsection (a), independent audits, or
23 such other information as the Oversight Board may
24 obtain, that the actual quarterly revenues, expendi-
25 tures, or cash flows of the territorial government are
26 not consistent with the projected revenues, expendi-

1 tures, or cash flows set forth in the certified Budget
2 for such quarter, the Oversight Board shall—

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

7 (B) if the additional information provided
8 under subparagraph (A) does not provide an ex-
9 planation for the inconsistency that the Over-
10 sight Board finds reasonable and appropriate,
11 advise the territorial government to correct the
12 inconsistency by implementing remedial action.

13 (2) DEADLINES.—The Oversight Board shall
14 establish the deadlines by which the territorial gov-
15 ernment shall meet the requirements of subpara-
16 graphs (A) and (B) of paragraph (1).

17 (c) CERTIFICATION OF VARIANCE.—

18 (1) VARIANCE.—If the territorial government
19 fails to provide additional information under sub-
20 section (b)(1)(A), or fails to correct a variance under
21 subsection (b)(1)(B), prior to the applicable deadline
22 under subsection (b)(2), the Oversight Board shall
23 certify to the President, the House of Representa-
24 tives Committee on Natural Resources, the Senate
25 Committee on Energy and Natural Resources, the

1 Governor, and the Legislature that the territorial
2 government is at variance with the applicable cer-
3 tified Budget, and shall describe the nature and
4 amount of the variance.

5 (2) CORRECTION OF VARIANCE.—If the Over-
6 sight Board determines that the territorial govern-
7 ment has initiated such measures as the Oversight
8 Board considers sufficient to correct a variance cer-
9 tified under paragraph (1), the Oversight Board
10 shall certify the correction to the President, the
11 House of Representatives Committee on Natural Re-
12 sources, the Senate Committee on Energy and Nat-
13 ural Resources, the Governor, and the Legislature.

14 (d) BUDGET REDUCTIONS BY OVERSIGHT BOARD.—
15 If the Oversight Board determines that the Governor, in
16 the case of any then-applicable certified Instrumentality
17 Budgets, and the Governor and the Legislature, in the
18 case of the then-applicable certified Territory Budget,
19 have failed to correct a variance identified by the Over-
20 sight Board under subsection (c), the Oversight Board
21 shall—

22 (1) with respect to the territorial government,
23 other than covered territorial instrumentalities,
24 make appropriate reductions in nondebt expendi-
25 tures to ensure that the actual quarterly revenues

1 and expenditures for the territorial government are
2 in compliance with the applicable certified Territory
3 Budget or, in the case of the fiscal year in which the
4 Oversight Board is established, the budget adopted
5 by the Governor and the Legislature; and

6 (2) with respect to covered territorial instru-
7 mentalities at the sole discretion of the Oversight
8 Board—

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

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

20 (ii) prohibit the covered territorial instru-
21 mentality from entering into any contract or en-
22 gaging in any financial or other transactions,
23 unless the contract or transaction was pre-
24 viously approved by the Oversight Board.

1 (e) TERMINATION OF BUDGET REDUCTIONS.—The
2 Oversight Board shall cancel the reductions under sub-
3 section (d) if the Oversight Board determines that the ter-
4 ritorial government or covered territorial instrumentality,
5 as applicable, has initiated appropriate measures to reduce
6 expenditures or increase revenues to ensure that the terri-
7 torial government or covered territorial instrumentality is
8 in compliance with the applicable certified Budget or, in
9 the case of the fiscal year in which the Oversight Board
10 is established, the budget adopted by the Governor and
11 the Legislature.

12 **SEC. 204. REVIEW OF ACTIVITIES TO ENSURE COMPLIANCE**
13 **WITH FISCAL PLAN.**

14 (a) SUBMISSION OF LEGISLATIVE ACTS TO OVER-
15 SIGHT BOARD.—

16 (1) SUBMISSION OF ACTS.—Except to the ex-
17 tent that the Oversight Board may provide otherwise
18 in its bylaws, rules, and procedures, not later than
19 7 business days after a territorial government duly
20 enacts any law during any fiscal year in which the
21 Oversight Board is in operation, the Governor shall
22 submit the law to the Oversight Board.

23 (2) COST ESTIMATE; CERTIFICATION OF COM-
24 PLIANCE OR NONCOMPLIANCE.—The Governor shall

1 include with each law submitted to the Oversight
2 Board under paragraph (1) the following:

3 (A) A formal estimate prepared by an ap-
4 propriate entity of the territorial government
5 with expertise in budgets and financial manage-
6 ment of the impact, if any, that the law will
7 have on expenditures and revenues.

8 (B) If the appropriate entity described in
9 subparagraph (A) finds that the law is not sig-
10 nificantly inconsistent with the Fiscal Plan for
11 the fiscal year, it shall issue a certification of
12 such finding.

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

19 (3) NOTIFICATION.—The Oversight Board shall
20 send a notification to the Governor and the Legisla-
21 ture if—

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

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

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

10 (4) OPPORTUNITY TO RESPOND TO NOTIFICA-
11 TION.—

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

21 (B) SUBMISSION OF CERTIFICATION OF
22 SIGNIFICANT INCONSISTENCY WITH FISCAL
23 PLAN AND BUDGET.—In accordance with such
24 procedures as the Oversight Board may estab-
25 lish, after sending a notification to the Gov-

1 ernor and Legislature under paragraph (3)(C)
2 that a law is significantly inconsistent with the
3 Fiscal Plan, the Oversight Board shall direct
4 the territorial government to—

5 (i) correct the law to eliminate the in-
6 consistency; or

7 (ii) provide an explanation for the in-
8 consistency that the Oversight Board finds
9 reasonable and appropriate.

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

19 (6) PRELIMINARY REVIEW OF PROPOSED
20 ACTS.—At the request of the Legislature, the Over-
21 sight Board may conduct a preliminary review of
22 proposed legislation before the Legislature to deter-
23 mine whether the legislation as proposed would be
24 consistent with the applicable Fiscal Plan under this
25 subtitle, except that any such preliminary review

1 shall not be binding on the Oversight Board in re-
2 viewing any law subsequently submitted under this
3 subsection.

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

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

18 (2) AUTHORITY TO REVIEW CERTAIN CON-
19 TRACTS.—The Oversight Board may establish poli-
20 cies to require prior Oversight Board approval of
21 certain contracts, including leases, proposed to be
22 executed by the territorial government, to ensure
23 such proposed contracts are not inconsistent with
24 the approved 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, and to avoid creating
8 any additional bureaucratic obstacles to efficient
9 contracting.

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

17 (5) FAILURE TO COMPLY.—If a contract, rule,
18 regulation, or executive order fails to comply with
19 policies established by the Oversight Board under
20 this subsection, the Oversight Board may take such
21 actions as it considers necessary to ensure that such
22 contract, rule, executive order or regulation will not
23 adversely affect the territorial government’s compli-
24 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.—During the period after a
23 territory becomes a covered territory and prior to
24 the appointment of all members and the Chair of the
25 Oversight Board, such covered territory shall not

1 enact new laws that either permit the transfer of
2 any funds or assets outside the ordinary course of
3 business or that are inconsistent with the constitu-
4 tion or laws of the territory as of the date of enact-
5 ment of this Act, provided that any executive or leg-
6 islative action authorizing the movement of funds or
7 assets during this time period may be subject to re-
8 view and reversal by the Oversight Board upon ap-
9 pointment of the Oversight Board's full membership.

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

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

18 (2) implement a federally authorized or feder-
19 ally delegated program; or

20 (3) implement territorial laws, which are con-
21 sistent with a certified Fiscal Plan, that execute
22 Federal requirements and standards.

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

3 (a) IN GENERAL.—The Oversight Board may at any
4 time submit recommendations to the Governor or the Leg-
5 islature on actions the territorial government may take to
6 ensure compliance with the Fiscal Plan, or to otherwise
7 promote the financial stability, economic growth, manage-
8 ment responsibility, and service delivery efficiency of the
9 territorial government, including recommendations relat-
10 ing to—

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

18 (2) the structural relationship of departments,
19 agencies, and independent agencies within the terri-
20 torial government;

21 (3) the modification of existing revenue struc-
22 tures, or the establishment of additional revenue
23 structures;

24 (4) the establishment of alternatives for meet-
25 ing obligations to pay for the pensions of former ter-
26 ritorial government employees;

1 (5) modifications or transfers of the types of
2 services that are the responsibility of, and are deliv-
3 ered by the territorial government;

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

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

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

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

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

20 (b) RESPONSE TO RECOMMENDATIONS BY THE TER-
21 RITORIAL GOVERNMENT.—

22 (1) IN GENERAL.—In the case of any rec-
23 ommendations submitted under subsection (a) that
24 are within the authority of the territorial govern-
25 ment to adopt, not later than 90 days after receiving

1 the recommendations, the Governor or the Legisla-
2 ture (whichever has the authority to adopt the rec-
3 ommendation) shall submit a statement to the Over-
4 sight Board that provides notice as to whether the
5 territorial government will adopt the recommenda-
6 tions.

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

16 (A) specific performance measures to de-
17 termine the extent to which the territorial gov-
18 ernment has adopted the recommendation; and

19 (B) a clear and specific timetable pursuant
20 to which the territorial government will imple-
21 ment the recommendation.

22 (3) EXPLANATIONS REQUIRED FOR REC-
23 OMMENDATIONS NOT ADOPTED.—If the Governor or
24 the Legislature (whichever is applicable) notifies the
25 Oversight Board under paragraph (1) that the terri-

1 torial government will not adopt any recommenda-
2 tion submitted under subsection (a) that the terri-
3 torial government has authority to adopt, the Gov-
4 ernor or the Legislature shall include in the state-
5 ment explanations for the rejection of the rec-
6 ommendations, and the Governor or the Legislature
7 shall submit such statement of explanations to the
8 President and Congress.

9 **SEC. 206. OVERSIGHT BOARD DUTIES RELATED TO RE-**
10 **STRUCTURING.**

11 (a) **REQUIREMENTS FOR RESTRUCTURING CERTIFI-**
12 **CATION.**—The Oversight Board, prior to issuing a restruc-
13 turing certification regarding an entity (as such term is
14 defined in section 101 of title 11, United States Code),
15 shall determine, in its sole discretion, that—

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

18 (2) the entity has—

19 (A) adopted procedures necessary to de-
20 liver timely audited financial statements; and

21 (B) made public draft financial statements
22 and other information sufficient for any inter-
23 ested person to make an informed decision with
24 respect to a possible restructuring;

1 (3) the entity is either a covered territory that
2 has adopted a Fiscal Plan certified by the Oversight
3 Board, a covered territorial instrumentality that is
4 subject to a Territory Fiscal Plan certified by the
5 Oversight Board, or a covered territorial instrumen-
6 tality that has adopted an Instrumentality Fiscal
7 Plan certified by the Oversight Board; and

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

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

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

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

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

8 **SEC. 208. REQUIRED REPORTS.**

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

13 (1) the progress made by the territorial govern-
14 ment in meeting the objectives of this Act during the
15 fiscal year;

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

19 (3) recommendations to the President and Con-
20 gress on changes to this Act or other Federal laws,
21 or other actions of the Federal Government, that
22 would assist the territorial government in complying
23 with the certified Fiscal Plan;

24 (4) the precise manner in which funds allocated
25 to the Oversight Board under section 107 and, as

1 applicable, section 104(e) have been spent by the
2 Oversight Board during the fiscal year; and

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

5 (b) REPORT ON DISCRETIONARY TAX ABATEMENT
6 AGREEMENTS.—Within six months of the establishment
7 of the Oversight Board, the Governor shall submit a report
8 to the Oversight Board documenting all existing discre-
9 tionary tax abatement or similar tax relief agreements to
10 which the territorial government, or any territorial instru-
11 mentality, is a party, provided that—

12 (1) nothing in this Act shall be interpreted to
13 limit the power of the territorial government or any
14 territorial instrumentality to execute or modify dis-
15 cretionary tax abatement or similar tax relief agree-
16 ments, or to enforce compliance with the terms and
17 conditions of any discretionary tax abatement or
18 similar tax relief agreement, to which the territorial
19 government or any territorial instrumentality is a
20 party; and

21 (2) the Members and Staff of the Oversight
22 Board shall not disclose the contents of the report
23 described in this subsection, and shall otherwise
24 comply with all applicable territorial and Federal

1 laws and regulations regarding the handling of con-
2 fidential taxpayer information.

3 (c) QUARTERLY REPORTS OF CASH FLOW.—The
4 Oversight Board, when feasible, shall report on the
5 amount of cash flow available for the payment of debt
6 service on all notes, bonds, debentures, credit agreements,
7 or other instruments for money borrowed whose enforce-
8 ment is subject to a stay or moratorium hereunder, to-
9 gether with any variance from the amount set forth in the
10 debt sustainability analysis of the Fiscal Plan under sec-
11 tion 201(b)(1)(I).

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

13 An Oversight Board shall terminate upon certifi-
14 cation by the Oversight Board that—

15 (1) the applicable territorial government has
16 adequate access to short-term and long-term credit
17 markets at reasonable interest rates to meet the bor-
18 rowing needs of the territorial government; and

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

20 (A) the territorial government has devel-
21 oped its Budgets in accordance with modified
22 accrual accounting standards; and

23 (B) the expenditures made by the terri-
24 torial government during each fiscal year did
25 not exceed the revenues of the territorial gov-

1 ernment during that year, as determined in ac-
2 cordance with modified accrual accounting
3 standards.

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

6 (a) IN GENERAL.—The full faith and credit of the
7 United States is not pledged for the payment of any prin-
8 cipal of or interest on any bond, note, or other obligation
9 issued by a covered territory or covered territorial instru-
10 mentality. The United States is not responsible or liable
11 for the payment of any principal of or interest on any
12 bond, note, or other obligation issued by a covered terri-
13 tory or covered territorial instrumentality.

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

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

18 (a) DETERMINATION.—If the Oversight Board deter-
19 mines, in its sole discretion, that a pension system of the
20 territorial government is materially underfunded, the
21 Oversight Board shall conduct an analysis prepared by an
22 independent actuary of such pension system to assist the
23 Oversight Board in evaluating the fiscal and economic im-
24 pact of the pension cash flows.

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

3 (1) an actuarial study of the pension liabilities
4 and funding strategy that includes a forward looking
5 projection of payments of at least 30 years of benefit
6 payments and funding strategy to cover such pay-
7 ments;

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

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

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

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

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

21 (a) INTERVENTION.—The Oversight Board may in-
22 tervene in any litigation filed against the territorial gov-
23 ernment.

24 (b) INJUNCTIVE RELIEF.—

1 (1) IN GENERAL.—If the Oversight Board in-
2 tervenes in a litigation under subsection (a), the
3 Oversight Board may seek injunctive relief, including
4 a stay of litigation.

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

9 **TITLE III—ADJUSTMENTS OF** 10 **DEBTS**

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

12 (a) SECTIONS APPLICABLE TO CASES UNDER THIS
13 TITLE.—Sections 101 (except as otherwise provided in
14 this section), 102, 104, 105, 106, 107, 108, 112, 333,
15 344, 347(b), 349, 350(b), 351, 361, 362, 364(e), 364(d),
16 364(e), 364(f), 365, 366, 501, 502, 503, 504, 506,
17 507(a)(2), 509, 510, 524(a)(1), 524(a)(2), 544, 545, 546,
18 547, 548, 549(a), 549(c), 549(d), 550, 551, 552, 553,
19 555, 556, 557, 559, 560, 561, 562, 902 (except as other-
20 wise provided in this section), 922, 923, 924, 925, 926,
21 927, 928, 942, 944, 945, 946, 1102, 1103, 1109, 1111(b),
22 1122, 1123(a)(1), 1123(a)(2), 1123(a)(3), 1123(a)(4),
23 1123(a)(5), 1123(b), 1123(d), 1124, 1125, 1126(a),
24 1126(b), 1126(c), 1126(e), 1126(f), 1126(g), 1127(d),
25 1128, 1129(a)(2), 1129(a)(3), 1129(a)(6), 1129(a)(8),

1 1129(a)(10), 1129(b)(1), 1129(b)(2)(A), 1129(b)(2)(B),
2 1142(b), 1143, 1144, 1145, and 1146(a) of title 11,
3 United States Code, apply in a case under this title and
4 section 930 of title 11, United States Code, applies in a
5 case under this title; however, section 930 shall not apply
6 in any case during the first 120 days after the date on
7 which such case is commenced under this title.

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

13 (c) DEFINITIONS.—In this title:

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

17 (A) for a territory, any territorial instru-
18 mentality; and

19 (B) for a territorial instrumentality, the
20 governing territory and any of the other terri-
21 torial instrumentalities of the territory.

22 (2) DEBTOR.—The term “debtor” means the
23 territory or covered territorial instrumentality con-
24 cerning which a case under this title has been com-
25 menced.

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

6 (A) shall exclude any Issuer or Authorized
7 Instrumentality of the Territory Government
8 Issuer or a corporation, trust or other legal en-
9 tity that is controlled by the Issuer or an Au-
10 thorized Territorial Instrumentality of the Ter-
11 ritory Government Issuer; and

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

20 (4) INSURED BOND.—The term “Insured
21 Bond” means a bond subject to a financial guar-
22 antee or similar insurance contract, policy and/or
23 surety issued by a monoline insurer.

24 (5) PROPERTY OF THE ESTATE.—The term
25 “property of the estate”, when used in a section of

1 title 11 or 28, United States Code, made applicable
2 in a case under this title by subsection (a), means
3 property of the debtor.

4 (6) STATE.—The term “State” when used in a
5 section of title 11, United States Code, made appli-
6 cable in a case under this title by section 301(a) of
7 this Act means State or territory when used in ref-
8 erence to the relationship of a State to the munici-
9 pality of the State or the territorial instrumentality
10 of a territory, as applicable.

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

16 (d) REFERENCE TO TITLE.—Solely for purposes of
17 this title, a reference to “this title”, “this chapter”, or
18 words of similar import in a section of title 11, United
19 States Code, made applicable in a case under this title
20 by subsection (a) or to “this title”, “title 11”, “Chapter
21 9”, “the Code”, or words of similar import in a section
22 of title 28, United States Code, made applicable in a case
23 under this title or in the Federal Rules of Bankruptcy
24 Procedure made applicable in a case under this title shall
25 be deemed to be a reference to this title.

1 (e) SUBSTANTIALLY SIMILAR.—In determining
2 whether claims are “substantially similar” for the purpose
3 of section 1122 of title 11, United States Code, made ap-
4 plicable in a case under this title by subsection (a), the
5 Oversight Board shall consider whether such claims are
6 secured and whether such claims have priority over other
7 claims.

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

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

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

14 (1) the entity is—

15 (A) a territory that has requested the es-
16 tablishment of an Oversight Board or has had
17 an Oversight Board established for it by the
18 United States Congress in accordance with sec-
19 tion 101 of this Act; or

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

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

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

3 **SEC. 303. RESERVATION OF TERRITORIAL POWER TO CON-**
4 **TROL TERRITORY AND TERRITORIAL INSTRU-**
5 **MENTALITIES.**

6 Subject to the limitations set forth in titles I and II
7 of this Act, this title does not limit or impair the power
8 of a covered territory to control, by legislation or other-
9 wise, the territory or any territorial instrumentality there-
10 of in the exercise of the political or governmental powers
11 of the territory or territorial instrumentality, including ex-
12 penditures for such exercise, whether or not a case has
13 been or can be commenced under this title, but—

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

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

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

6 **SEC. 304. PETITION AND PROCEEDINGS RELATING TO PETI-**
7 **TION.**

8 (a) COMMENCEMENT OF CASE.—A voluntary case
9 under this title is commenced by the filing with the district
10 court of a petition by the Oversight Board pursuant to
11 the determination under section 206 of this Act, provided
12 that an otherwise eligible entity may not commence a case
13 under this title after the Oversight Board applicable to
14 such eligible entity has been terminated in accordance with
15 section 209 of this Act.

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

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

24 (d) APPEAL.—The court may not, on account of an
25 appeal from an order for relief, delay any case under this

1 title in the case in which the appeal is being taken, nor
2 shall any court order a stay of such case pending such
3 appeal.

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

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

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

21 (h) PUBLIC SAFETY.—This Act may not be construed
22 to permit the discharge of obligations arising under Fed-
23 eral police or regulatory laws, including laws relating to
24 the environment, public health or safety, or territorial laws
25 implementing such Federal legal provisions. This includes

1 compliance obligations, requirements under consent de-
2 crees or judicial orders, and obligations to pay associated
3 administrative, civil, or other penalties.

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

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

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

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

20 (2) any of the property or revenues of the debt-
21 or; or

22 (3) the use or enjoyment by the debtor of any
23 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 in which the case under this title is pending.

18 (e) APPEAL.—

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

23 (2) The court of appeals for the circuit in which
24 a case under this title has venue pursuant to section
25 307 of this title shall have jurisdiction of appeals

1 from all final decisions, judgments, orders and de-
2 crees entered under this title by the district court.

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

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

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

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

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

23 (B) the court of appeals authorizes the di-
24 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 (A), (B), or (C) of
4 paragraph (3) 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.

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

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

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

1 **SEC. 307. VENUE.**

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

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

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

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

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

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

22 (b) For cases in which the debtor is not a territory,
23 and no motion for joint administration of the debtor's case
24 with the case of its affiliate territory has been filed or
25 there is no case in which the affiliate territory is a debtor,
26 the chief judge of the court of appeals for the circuit em-

1 bracing the district in which the case is commenced shall
2 designate a district court judge to conduct the case.

3 **SEC. 309. ABSTENTION.**

4 Nothing in this title prevents a district court in the
5 interests of justice from abstaining from hearing a par-
6 ticular proceeding arising in or related to a case under
7 this title.

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

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

12 **SEC. 311. LEASES.**

13 A lease to a territory or territorial instrumentality
14 shall not be treated as an executory contract or unexpired
15 lease for the purposes of section 365 or 502(b)(6) of title
16 11, United States Code, solely by reason of the lease being
17 subject to termination in the event the debtor fails to ap-
18 propriate rent.

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

20 (a) EXCLUSIVITY.—Only the Oversight Board, after
21 the issuance of a certificate pursuant to section 104(j) of
22 this Act, may file a plan of adjustment of the debts of
23 the debtor.

24 (b) DEADLINE FOR FILING PLAN.—If the Oversight
25 Board does not file a plan of adjustment with the petition,

1 the Oversight Board shall file a plan of adjustment at the
2 time set by the court.

3 **SEC. 313. MODIFICATION OF PLAN.**

4 The Oversight Board, after the issuance of a certifi-
5 cation pursuant to section 104(j) of this Act, may modify
6 the plan at any time before confirmation, but may not
7 modify the plan so that the plan as modified fails to meet
8 the requirements of this title. After the Oversight Board
9 files a modification, the plan as modified becomes the
10 plan.

11 **SEC. 314. CONFIRMATION.**

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

14 (b) CONFIRMATION.—The court shall confirm the
15 plan if—

16 (1) the plan complies with the provisions of title
17 11 of the United States Code, made applicable to a
18 case under this title by section 301 of this Act;

19 (2) the plan complies with the provisions of this
20 title;

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

23 (4) except to the extent that the holder of a
24 particular claim has agreed to a different treatment
25 of such claim, the plan provides that on the effective

1 date of the plan each holder of a claim of a kind
2 specified in 507(a)(2) of title 11, United States
3 Code, will receive on account of such claim cash
4 equal to the allowed amount of such claim;

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

10 (6) the plan is feasible and in the best interests
11 of creditors, which shall require the court to consider
12 whether available remedies under the non-bank-
13 ruptcy laws and constitution of the territory would
14 result in a greater recovery for the creditors than is
15 provided by such plan; and

16 (7) the plan is consistent with the applicable
17 Fiscal Plan certified by the Oversight Board under
18 title II.

19 (c) CONFIRMATION FOR DEBTORS WITH A SINGLE
20 CLASS OF IMPAIRED CREDITORS.—If all of the require-
21 ments of section 1129(a) of title 11, United States Code,
22 incorporated into this title by section 301 other than sec-
23 tion 1129(a)(8) are met with respect to a plan—

24 (1) with respect to which all claims are substan-
25 tially similar under section 301(e);

1 (2) that includes only one class of impaired
2 claims; and

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

5 the court shall confirm the plan notwithstanding the re-
6 quirements of such section 1129(a)(8) if the plan is fair
7 and equitable and does not discriminate unfairly with re-
8 spect to such impaired class.

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

10 (a) **ACTIONS OF OVERSIGHT BOARD.**—For the pur-
11 poses of this title, the Oversight Board may take any ac-
12 tion necessary on behalf of the debtor to prosecute the
13 case of the debtor, including—

14 (1) filing a petition under section 304 of this
15 Act;

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

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

20 (b) **REPRESENTATIVE OF DEBTOR.**—The Oversight
21 Board in a case under this title is the representative of
22 the debtor.

23 **SEC. 316. COMPENSATION OF PROFESSIONALS.**

24 (a) After notice to the parties in interest and the
25 United States Trustee and a hearing, the court may award

1 to a professional person employed by the debtor (in the
2 debtor's sole discretion), the Oversight Board (in the
3 Oversight Board's sole discretion), a committee under sec-
4 tion 1103 of title 11, United States Code, or a trustee
5 appointed by the court under section 926 of title 11,
6 United States Code—

7 (1) reasonable compensation for actual, nec-
8 essary services rendered by the professional person,
9 or attorney and by any paraprofessional person em-
10 ployed by any such person; and

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

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

17 (c) In determining the amount of reasonable com-
18 pensation to be awarded to a professional person, the
19 court shall consider the nature, the extent, and the value
20 of such services, taking into account all relevant factors,
21 including—

22 (1) the time spent on such services;

23 (2) the rates charged for such services;

24 (3) whether the services were necessary to the
25 administration of, or beneficial at the time at which

1 the service was rendered toward the completion of,
2 a case under this chapter;

3 (4) whether the services were performed within
4 a reasonable amount of time commensurate with the
5 complexity, importance, and nature of the problem,
6 issue, or task addressed;

7 (5) with respect to a professional person,
8 whether the person is board certified or otherwise
9 has demonstrated skill and experience in the restruc-
10 turing field; and

11 (6) whether the compensation is reasonable
12 based on the customary compensation charged by
13 comparably skilled practitioners in cases other than
14 cases under this title or title 11, United States
15 Code.

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

17 (1) unnecessary duplication of services; or

18 (2) services that were not—

19 (A) reasonably likely to benefit the debtor;

20 or

21 (B) necessary to the administration of the

22 case.

23 (e) The court shall reduce the amount of compensa-
24 tion awarded under this section by the amount of any in-
25 terim compensation awarded under section 317, and, if the

1 amount of such interim compensation exceeds the amount
2 of compensation awarded under this section, may order
3 the return of the excess to the debtor.

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

7 **SEC. 317. INTERIM COMPENSATION.**

8 A debtor's attorney, or any professional person em-
9 ployed by the debtor (in the debtor's sole discretion), the
10 Oversight Board (in the Oversight Board's sole discre-
11 tion), a committee under section 1103 of title 11, United
12 States Code, or a trustee appointed by the court under
13 section 926 of title 11, United States Code, may apply
14 to the court not more than once every 120 days after an
15 order for relief in a case under this chapter, or more often
16 if the court permits, for such compensation for services
17 rendered before the date of such an application or reim-
18 bursement for expenses incurred before such date as is
19 provided under section 316.

20 **TITLE IV—MISCELLANEOUS**
21 **PROVISIONS**

22 **SEC. 401. RULES OF CONSTRUCTION.**

23 Nothing in this Act is intended, or may be con-
24 strued—

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

5 (2) to authorize the application of section
6 104(e) of this Act (relating to issuance of sub-
7 poenas) to judicial officers or employees of territory
8 courts;

9 (3) to alter, amend, or abrogate any provision
10 of the Covenant To Establish a Commonwealth of
11 the Northern Mariana Islands in Political Union
12 With the United States of America (48 U.S.C. 1801
13 et seq.); or

14 (4) to alter, amend, or abrogate the treaties of
15 cession regarding certain islands of American Samoa
16 (48 U.S.C. 1661).

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

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

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

2 Section 6(g) of the Fair Labor Standards Act of
3 1938 (29 U.S.C. 206(g)) is amended by striking para-
4 graphs (2) through (4) and inserting the following:

5 “(2) In lieu of the rate prescribed by subsection
6 (a)(1), the Governor of Puerto Rico, subject to the
7 approval of the Financial Oversight and Manage-
8 ment Board established pursuant to section 101 of
9 the Puerto Rico Oversight, Management, and Eco-
10 nomic Stability Act, may designate a time period not
11 to exceed four years during which employers in
12 Puerto Rico may pay employees who are initially em-
13 ployed after the date of enactment of such Act a
14 wage which is not less than the wage described in
15 paragraph (1). Notwithstanding the time period des-
16 ignated, such wage shall not continue in effect after
17 such Board terminates in accordance with section
18 209 of such Act.

19 “(3) No employer may take any action to dis-
20 place employees (including partial displacements
21 such as reduction in hours, wages, or employment
22 benefits) for purposes of hiring individuals at the
23 wage authorized in paragraph (1) or (2).

24 “(4) Any employer who violates this subsection
25 shall be considered to have violated section 15(a)(3).

1 “(5) This subsection shall only apply to an em-
2 ployee who has not attained the age of 20 years, ex-
3 cept in the case of the wage applicable in Puerto
4 Rico, 25 years, until such time as the Board de-
5 scribed in paragraph (2) terminates in accordance
6 with section 209 of the Act described in such para-
7 graph.”.

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

9 (a) SPECIAL RULE.—The regulations proposed by the
10 Secretary of Labor relating to exemptions regarding the
11 rates of pay for executive, administrative, professional,
12 outside sales, and computer employees, and published in
13 a notice in the Federal Register on July 6, 2015, and any
14 final regulations issued related to such notice, shall have
15 no force or effect in the Commonwealth of Puerto Rico
16 until—

17 (1) the Comptroller General of the United
18 States completes the assessment and transmits the
19 report required under subsection (b); and

20 (2) the Secretary of Labor, taking into account
21 the assessment and report of the Comptroller Gen-
22 eral, provides a written determination to Congress
23 that applying such rule to Puerto Rico would not
24 have a negative impact on the economy of Puerto
25 Rico.

1 (b) ASSESSMENT AND REPORT.—Not later than two
2 years after the date of enactment of this Act, the Comp-
3 troller General shall examine the economic conditions in
4 Puerto Rico and shall transmit a report to Congress as-
5 sessing the impact of applying the regulations described
6 in subsection (a) to Puerto Rico, taking into consideration
7 regional, metropolitan, and non-metropolitan salary and
8 cost-of-living differences.

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

11 (1) the Bureau of the Census should conduct a
12 study to determine the feasibility of expanding data
13 collection to include Puerto Rico and the other
14 United States territories in the Current Population
15 Survey, which is jointly administered by the Bureau
16 of the Census and the Bureau of Labor Statistics,
17 and which is the primary source of labor force sta-
18 tistics for the population of the United States; and

19 (2) if necessary, the Bureau of the Census
20 should request the funding required to conduct this
21 feasibility study as part of its budget submission to
22 Congress for fiscal year 2018.

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

24 (a) DEFINITIONS.—In this section:

1 (1) LIABILITY.—The term “Liability” means a
2 bond, loan, letter of credit, other borrowing title, ob-
3 ligation of insurance, or other financial indebtedness,
4 including rights, entitlements, or obligations whether
5 such rights, entitlements, or obligations arise from
6 contract, statute, or any other source of law related
7 to such a bond, loan, letter of credit, other bor-
8 rowing title, obligation of insurance, or other finan-
9 cial indebtedness in physical or dematerialized form,
10 of which—

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

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

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

17 (A) right to payment, whether or not such
18 right is reduced to judgment, liquidated, unliq-
19 uidated, fixed, contingent, matured, unmatured,
20 disputed, undisputed, legal, equitable, secured,
21 or unsecured; or

22 (B) right to an equitable remedy for
23 breach of performance if such breach gives rise
24 to a right to payment, whether or not such
25 right to an equitable remedy is reduced to judg-

1 ment, fixed, contingent, matured, unmatured,
2 disputed, undisputed, secured, or unsecured.

3 (b) IN GENERAL.—Except as provided in subsection
4 (c) of this section, the establishment of an Oversight
5 Board for Puerto Rico (i.e., the enactment of this Act)
6 in accordance with section 101 operates with respect to
7 a Liability as a stay, applicable to all entities (as such
8 term is defined in section 101 of title 11, United States
9 Code), of—

10 (1) the commencement or continuation, includ-
11 ing the issuance or employment of process, of a judi-
12 cial, administrative, or other action or proceeding
13 against the Government of Puerto Rico that was or
14 could have been commenced before the enactment of
15 this Act, or to recover a Liability Claim against the
16 Government of Puerto Rico that arose before the en-
17 actment of this Act;

18 (2) the enforcement, against the Government of
19 Puerto Rico or against property of the Government
20 of Puerto Rico, of a judgment obtained before the
21 enactment of this Act;

22 (3) any act to obtain possession of property of
23 the Government of Puerto Rico or of property from
24 the Government of Puerto Rico or to exercise control
25 over property of the Government of Puerto Rico;

1 (4) any act to create, perfect, or enforce any
2 lien against property of the Government of Puerto
3 Rico;

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

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

11 (7) the setoff of any debt owing to the Govern-
12 ment of Puerto Rico that arose before the enactment
13 of this Act against any Liability Claim against the
14 Government of Puerto Rico.

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

18 (1) solely under subsection (b)(1) of this sec-
19 tion, of the continuation of, including the issuance or
20 employment of process, of a judicial, administrative,
21 or other action or proceeding against the Govern-
22 ment of Puerto Rico that was commenced on or be-
23 fore December 18, 2015; or

24 (2) of the commencement or continuation of an
25 action or proceeding by a governmental unit to en-

1 force such governmental unit's or organization's po-
2 lice and regulatory power, including the enforcement
3 of a judgment other than a money judgment, ob-
4 tained in an action or proceeding by the govern-
5 mental unit to enforce such governmental unit's or
6 organization's police or regulatory power.

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

10 (1) the later of—

11 (A) the later of—

12 (i) February 15, 2017; or

13 (ii) six months after the establishment
14 of an Oversight Board for Puerto Rico as
15 established by section 101(b);

16 (B) the date that is 75 days after the date
17 in subparagraph (A) if the Oversight Board de-
18 livers a certification to the Governor that, in
19 the Oversight Board's sole discretion, an addi-
20 tional 75 days are needed to seek to complete
21 a voluntary process under title VI of this Act
22 with respect to the government of the Common-
23 wealth of Puerto Rico or any of its territorial
24 instrumentalities; or

1 (C) the date that is 60 days after the date
2 in subparagraph (A) if the district court to
3 which an application has been submitted under
4 subparagraph 601(l)(1)(D) determines, in the
5 exercise of the court's equitable powers, that an
6 additional 60 days are needed to complete a vol-
7 untary process under title VI of this Act with
8 respect to the government of the Common-
9 wealth of Puerto Rico or any of its territorial
10 instrumentalities; or

11 (2) with respect to the government of the Com-
12 monwealth of Puerto Rico or any of its territorial in-
13 strumentalities, the date on which a case is filed by
14 or on behalf of the government of the Common-
15 wealth of Puerto Rico or any of its territorial instru-
16 mentalities, as applicable, under title III.

17 (e) JURISDICTION, RELIEF FROM STAY.—

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

22 (2) On motion of or action filed by a party in
23 interest and after notice and a hearing, the United
24 States District Court for the District of Puerto Rico,

1 for cause shown, shall grant relief from the stay pro-
2 vided under subsection (b) of this section.

3 (f) TERMINATION OF STAY; HEARING.—Forty-five
4 days after a request under subsection (e)(2) for relief from
5 the stay of any act against property of the Government
6 of Puerto Rico under subsection (b), such stay is termi-
7 nated with respect to the party in interest making such
8 request, unless the court, after notice and a hearing, or-
9 ders such stay continued in effect pending the conclusion
10 of, or as a result of, a final hearing and determination
11 under subsection (e)(2). A hearing under this subsection
12 may be a preliminary hearing, or may be consolidated with
13 the final hearing under subsection (e)(2). The court shall
14 order such stay continued in effect pending the conclusion
15 of the final hearing under subsection (e)(2) if there is a
16 reasonable likelihood that the party opposing relief from
17 such stay will prevail at the conclusion of such final hear-
18 ing. If the hearing under this subsection is a preliminary
19 hearing, then such final hearing shall be concluded not
20 later than thirty days after the conclusion of such prelimi-
21 nary hearing, unless the thirty-day period is extended with
22 the consent of the parties in interest or for a specific time
23 which the court finds is required by compelling cir-
24 cumstances.

1 (g) RELIEF TO PREVENT IRREPARABLE DAMAGE.—
2 Upon request of a party in interest, the court, with or
3 without a hearing, shall grant such relief from the stay
4 provided under subsection (b) as is necessary to prevent
5 irreparable damage to the interest of an entity in property,
6 if such interest will suffer such damage before there is
7 an opportunity for notice and a hearing under subsection
8 (e) or (f).

9 (h) ACT IN VIOLATION OF STAY IS VOID.—Any
10 order, judgment, or decree entered in violation of this sec-
11 tion and any act taken in violation of this section is void,
12 and shall have no force or effect, and any person found
13 to violate this section may be liable for damages, costs,
14 and attorneys' fees incurred in defending any action taken
15 in violation of this section, and the Oversight Board or
16 the Government of Puerto Rico may seek an order from
17 the court enforcing the provisions of this section.

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

22 (1) the individuals, including elected and ap-
23 pointed officials, directors, officers of and employees
24 acting in their official capacity on behalf of the Gov-
25 ernment of Puerto Rico; and

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

4 (j) NO DEFAULT UNDER EXISTING CONTRACTS.—

5 (1) Notwithstanding any contractual provision
6 or applicable law to the contrary and so long as a
7 stay under this section is in effect, the holder of a
8 Liability Claim or any other claim (as such term is
9 defined in section 101 of title 11, United States
10 Code) may not exercise or continue to exercise any
11 remedy under a contract or applicable law in respect
12 to the Government of Puerto Rico or any of its prop-
13 erty—

14 (A) that is conditioned upon the financial
15 condition of, or the commencement of a restruc-
16 turing, insolvency, bankruptcy, or other pro-
17 ceeding (or a similar or analogous process) by,
18 the Government of Puerto Rico, including a de-
19 fault or an event of default thereunder; or

20 (B) with respect to Liability Claims—

21 (i) for the non-payment of principal or
22 interest; or

23 (ii) for the breach of any condition or
24 covenant.

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

5 (A) setoff;

6 (B) apply or appropriate funds;

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

10 (D) seek to raise rates; or

11 (E) exercise control over property of the
12 Government of Puerto Rico.

13 (3) Notwithstanding any contractual provision
14 or applicable law to the contrary and so long as a
15 stay under this section is in effect, a contract to
16 which the Government of Puerto Rico is a party may
17 not be terminated or modified, and any right or obli-
18 gation under such contract may not be terminated
19 or modified, solely because of a provision in such
20 contract is conditioned on—

21 (A) the insolvency or financial condition of
22 the Government of Puerto Rico at any time
23 prior to the enactment of this Act;

1 (B) the adoption of a resolution or estab-
2 lishment of an Oversight Board pursuant to
3 section 101 of this Act; or

4 (C) a default under a separate contract
5 that is due to, triggered by, or a result of the
6 occurrence of the events or matters in sub-
7 section (j)(1)(B).

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

19 (k) EFFECT.—This section does not discharge an ob-
20 ligation of the Government of Puerto Rico or release, in-
21 validate, or impair any security interest or lien securing
22 such obligation. This section does not impair or affect the
23 implementation of any restructuring support agreement
24 executed by the Government of Puerto Rico to be imple-
25 mented pursuant to Puerto Rico law specifically enacted

1 for that purpose prior to the enactment of this Act or the
2 obligation of the Government of Puerto Rico to proceed
3 in good faith as set forth in any such agreement.

4 (l) INTEREST PAYMENTS.—To the extent the Over-
5 sight Board, in its sole discretion, determines it is feasible,
6 the Government of Puerto Rico shall make interest pay-
7 ments on outstanding indebtedness when such payments
8 become due during the length of the stay.

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

10 (1) A combination of severe economic decline,
11 and, at times, accumulated operating deficits, lack of
12 financial transparency, management inefficiencies,
13 and excessive borrowing has created a fiscal emer-
14 gency in Puerto Rico.

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

18 (3) The current fiscal emergency has also af-
19 fected the long-term economic stability of Puerto
20 Rico by contributing to the accelerated outmigration
21 of residents and businesses.

22 (4) A comprehensive approach to fiscal, man-
23 agement, and structural problems and adjustments
24 that exempts no part of the Government of Puerto
25 Rico is necessary, involving independent oversight

1 and a Federal statutory authority for the Govern-
2 ment of Puerto Rico to restructure debts in a fair
3 and orderly process.

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

7 (A) The stay advances the best interests
8 common to all stakeholders, including but not
9 limited to a functioning independent Oversight
10 Board created pursuant to this Act to deter-
11 mine whether to appear or intervene on behalf
12 of the Government of Puerto Rico in any litiga-
13 tion that may have been commenced prior to
14 the effectiveness or upon expiration of the stay.

15 (B) The stay is limited in nature and nar-
16 rowly tailored to achieve the purposes of this
17 Act, including to ensure all creditors have a fair
18 opportunity to consensually renegotiate terms of
19 repayment based on accurate financial informa-
20 tion that is reviewed by an independent author-
21 ity or, at a minimum, receive a recovery from
22 the Government of Puerto Rico equal to their
23 best possible outcome absent the provisions of
24 this Act.

1 (6) Finally, the ability of the Government of
2 Puerto Rico to obtain funds from capital markets in
3 the future will be severely diminished without con-
4 gressional action to restore its financial account-
5 ability and stability.

6 (n) PURPOSES.—The purposes of this section are
7 to—

8 (1) provide the Government of Puerto Rico with
9 the resources and the tools it needs to address an
10 immediate existing and imminent crisis;

11 (2) allow the Government of Puerto Rico a lim-
12 ited period of time during which it can focus its re-
13 sources on negotiating a voluntary resolution with
14 its creditors instead of defending numerous, costly
15 creditor lawsuits;

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

20 (4) make available a Federal restructuring au-
21 thority, if necessary, to allow for an orderly adjust-
22 ment of all of the Government of Puerto Rico's li-
23 abilities; and

24 (5) benefit the lives of 3.5 million American
25 citizens living in Puerto Rico by encouraging the

1 Government of Puerto Rico to resolve its long-
2 standing fiscal governance issues and return to eco-
3 nomic growth.

4 (o) VOTING ON VOLUNTARY AGREEMENTS NOT
5 STAYED.—Notwithstanding any provision in this section
6 to the contrary, nothing in this section shall prevent the
7 holder of a Liability Claim from voting on or consenting
8 to a proposed modification of such Liability Claim under
9 title VI of this Act.

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

11 The text of section 1469e of title 48, United States
12 Code, is deleted in its entirety and replaced with “The
13 Governments of the Commonwealth of Puerto Rico, Guam,
14 American Samoa, the Commonwealth of the Northern
15 Mariana Islands, and the United States Virgin Islands are
16 authorized to make purchases through the General Serv-
17 ices Administration.”.

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

19 (a) PROTECTION OF CREDITORS.—While an Over-
20 sight Board for Puerto Rico is in existence, if any property
21 of any territorial instrumentality of Puerto Rico is trans-
22 ferred in violation of applicable law under which any cred-
23 itor has a valid pledge of, security interest in, or lien on
24 such property, or which deprives any such territorial in-
25 strumentality of property in violation of applicable law as-

1 suring the transfer of such property to such territorial in-
2 strumentality for the benefit of its creditors, then the
3 transferee shall be liable for the value of such property.

4 (b) ENFORCEABILITY.—A creditor may enforce
5 rights under this section by bringing an action in the
6 United States District Court for the District of Puerto
7 Rico after the expiration or lifting of the stay of section
8 405.

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

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

14 “(t) GAO REPORT ON SMALL BUSINESS ADMINIS-
15 TRATION PROGRAMS IN PUERTO RICO.—Not later than
16 180 days after the date of enactment of this subsection,
17 the Comptroller General of the United States shall submit
18 to the Committee on Small Business of the House of Rep-
19 resentatives and the Committee on Small Business and
20 Entrepreneurship of the Senate a report on the application
21 and utilization of contracting activities of the Administra-
22 tion (including contracting activities relating to HUBZone
23 small business concerns) in Puerto Rico. The report shall
24 also identify any provisions of Federal law that may create

1 an obstacle to the efficient implementation of such con-
2 tracting activities.”.

3 **SEC. 409. CONGRESSIONAL TASK FORCE ON ECONOMIC**
4 **GROWTH IN PUERTO RICO.**

5 (a) ESTABLISHMENT.—There is established within
6 the legislative branch a Congressional Task Force on Eco-
7 nomic Growth in Puerto Rico (hereinafter referred to as
8 the “Task Force”).

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

11 (1) Two members of the House of Representa-
12 tives, who shall be appointed by the Speaker of the
13 House of Representatives, in coordination with the
14 Chairman of the Committee on Natural Resources of
15 the House of Representatives.

16 (2) Two members of the House of Representa-
17 tives, who shall be appointed by the Minority Leader
18 of the House of Representatives, in coordination
19 with the ranking minority member of the Committee
20 on Natural Resources of the House of Representa-
21 tives.

22 (3) Two members of the Senate, who shall be
23 appointed by the Majority Leader of the Senate, in
24 coordination with the Chairman of the Committee on
25 Energy and Natural Resources of the Senate.

1 (4) Two members of the Senate, who shall be
2 appointed by the Minority Leader of the Senate, in
3 coordination with the ranking minority member of
4 the Committee on Energy and Natural Resources of
5 the Senate.

6 (c) DEADLINE FOR APPOINTMENT.—All appoint-
7 ments to the Task Force shall be made not later than 30
8 days after the date of enactment of this Act.

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

11 (e) VACANCIES.—Any vacancy in the Task Force
12 shall be filled in the same manner as the original appoint-
13 ment.

14 (f) REPORT.—Not later than December 31, 2016, the
15 Task Force shall issue a report of its findings to the
16 House and Senate regarding—

17 (1) impediments in current Federal law and
18 programs to economic growth in Puerto Rico;

19 (2) recommended changes to Federal law and
20 programs that, if adopted, would serve to spur sus-
21 tainable long-term economic growth, job creation
22 and attract investment in Puerto Rico; and

23 (3) additional information the Task Force
24 deems appropriate.

1 (g) CONSENSUS VIEWS.—To the greatest extent
2 practicable, the report issued under subsection (f) shall
3 reflect the shared views of all eight Members, except that
4 the report may contain dissenting views.

5 (h) HEARINGS AND SESSIONS.—The Task Force
6 may, for the purpose of carrying out this section, hold
7 hearings, sit and act at times and places, take testimony,
8 and receive evidence as the Task Force considers appro-
9 priate.

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

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

20 (k) TERMINATION.—The Task Force shall terminate
21 upon issuing the report required under subsection (f).

22 **TITLE V—PUERTO RICO INFRA-**
23 **STRUCTURE REVITALIZATION**

24 **SEC. 501. DEFINITIONS.**

25 In this title:

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

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

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

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

19 (5) EMERGENCY.—The term “emergency”
20 means any event or grave problem of deterioration
21 in the physical infrastructure for the rendering of
22 essential services to the people, or that endangers
23 the life, public health, or safety of the population or
24 of a sensitive ecosystem, or as otherwise defined by
25 section 1 of Act 76 (3 L.P.R.A. 1931). This shall in-

1 clude problems in the physical infrastructure for en-
2 ergy, water, sewer, solid waste, highways or roads,
3 ports, telecommunications, and other similar infra-
4 structure.

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

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

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

20 (9) INTERAGENCY ENVIRONMENTAL SUB-
21 COMMITTEE.—The term “Interagency Environ-
22 mental Subcommittee” means the Interagency Sub-
23 committee on Expedited Environmental Regulations
24 as further described by section 504.

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

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

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

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

1 representatives of the Legislature and the judicial
2 branch.

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

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

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

11 (b) APPOINTMENT.—

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

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

20 (B) In consultation with the Oversight
21 Board, not later than 10 days after receiving
22 the nominations under subparagraph (A), the
23 Governor shall select one of the nominees as the
24 Revitalization Coordinator. Such nomination
25 shall be effective immediately.

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

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

9 (A) have substantial knowledge and exper-
10 tise in the planning, predevelopment, financing,
11 development, operations, engineering, or market
12 participation of infrastructure projects, pro-
13 vided that stronger consideration shall be given
14 to candidates who have experience with Energy
15 Projects and the laws and regulations of Puerto
16 Rico whose implementation could be affected by
17 an Expedited Permitting Process;

18 (B) does not currently provide, or in the
19 preceding 3 calendar years provided, goods or
20 services to the government of Puerto Rico (and,
21 as applicable, is not the spouse, parent, child,
22 or sibling of a person who provides or has pro-
23 vided goods and services to the government of
24 Puerto Rico in the preceding 3 calendar years);
25 and

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

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

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

15 (d) REMOVAL.—

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

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

23 **SEC. 503. CRITICAL PROJECTS.**

24 (a) IDENTIFICATION OF PROJECTS.—

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

7 (A) the impact the project will have on an
8 emergency;

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

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

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

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

24 (F) in addition to the requirements found
25 in subparagraphs (A) through (E), the Revital-

1 ization Coordinator may require such submis-
2 sion to include any or all of the following cri-
3 teria that assess how the project will—

4 (i) reduce reliance on oil for electric
5 generation in Puerto Rico;

6 (ii) improve performance of energy in-
7 frastructure and overall energy efficiency;

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

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

16 (v) contribute to transitioning to
17 privatized generation capacities in Puerto
18 Rico;

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

24 (vii) achieve in whole or in part the
25 recommendations, if feasible, of the study

1 in section 505(d) of this title to the extent
2 such study is completed and not incon-
3 sistent with studies or plans otherwise re-
4 quired under Puerto Rico laws or the vol-
5 untary agreement negotiated between the
6 Puerto Rico Electric Power Authority and
7 its creditors.

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

16 (3) CERTIFICATION OF EXPEDITED PERMIT-
17 TING PROCESS.—

18 (A) Not later than 20 days after receiving
19 a project submission, each Puerto Rico Agency
20 identified in paragraph (1) shall submit to the
21 Revitalization Coordinator the Agency's Expe-
22 dited Permitting Process.

23 (B) FAILURE TO PROVIDE EXPEDITED
24 PERMITTING PROCESS.—If a Puerto Rico Agen-
25 cy fails to provide an Expedited Permitting

1 Process within 20 days of receiving a project
2 submission, the Revitalization Coordinator
3 shall—

4 (i) consult with the Governor to de-
5 velop within 20 days an Expedited Permit-
6 ting Process for the Agency; and

7 (ii) require such Puerto Rico Agency
8 to implement the Expedited Permitting
9 Process developed under clause (i) for Crit-
10 ical Projects.

11 (C) EFFECTS OF CERTIFICATION.—Critical
12 Projects shall be prioritized to the maximum ex-
13 tent possible in each Puerto Rico Agency re-
14 gardless of any agreements transferring or dele-
15 gating permitting authority to any other Terri-
16 torial Instrumentality or municipality.

17 (b) CRITICAL PROJECT REPORT.—

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

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

1 (B) A recommendation by the Governor on
2 whether the project should be considered a Crit-
3 ical Project. If the Governor fails to provide a
4 recommendation during the development of the
5 Critical Project Report, the failure shall con-
6 stitute a concurrence with the Revitalization
7 Coordinator’s recommendation in subparagraph
8 (D).

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

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

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

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

13 (2) PUBLIC INVOLVEMENT.—Immediately fol-
14 lowing the completion of the Critical Project Report,
15 the Revitalization Coordinator shall make such Crit-
16 ical Project Report public and allow a period of 30
17 days for the submission of comments by residents of
18 Puerto Rico. The Revitalization Coordinator shall re-
19 spond to the comments within 30 days of closing the
20 coming period and make the responses publicly
21 available.

22 (3) SUBMISSION TO OVERSIGHT BOARD.—Not
23 later than 5 days after the Revitalization Coordi-
24 nator has responded to the comments under para-
25 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 (j).

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 (k).

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) SENIOR CLAIMS.—The term “Senior
7 Claims” means claims that are senior in right of
8 payment to other claims, or are prior in right of
9 payment from any collateral, pledged revenue, or
10 other interest of the issuer in property, under any
11 agreement, law or constitution, other than a right to
12 prior payment based solely on an earlier scheduled
13 maturity date or amortization.

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

19 (b) OUTSTANDING BONDS.—In determining whether
20 holders of the requisite principal amount of Outstanding
21 Bonds have voted in favor of, or consented to, a proposed
22 Qualifying Modification, a Bond will be deemed not to be
23 outstanding, and may not be counted in a vote or consent
24 solicitation for or against a proposed Qualifying Modifica-

1 tion, if on the record date for the proposed Qualifying
2 Modification—

3 (1) the Bond has previously been cancelled or
4 delivered for cancellation or is held for reissuance
5 but has not been reissued;

6 (2) the Bond has previously been called for re-
7 demption in accordance with its terms or previously
8 become due and payable at maturity or otherwise
9 and the Issuer has previously satisfied its obligation
10 to make, or provide for, all payments due in respect
11 of the Bond in accordance with its terms;

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

14 (4) the Bond is held by the Issuer or by an Au-
15 thorized Territorial Instrumentality of the Territory
16 Government Issuer or by a corporation, trust or
17 other legal entity that is controlled by the Issuer or
18 an Authorized Territorial Instrumentality of the
19 Territory Government Issuer, as applicable.

20 For purposes of this subsection, a corporation, trust or
21 other legal entity is controlled by the Issuer or by an Au-
22 thorized Territorial Instrumentality of the Territory Gov-
23 ernment Issuer if the Issuer or an Authorized Territorial
24 Instrumentality of the Territory Government Issuer, as
25 applicable, has the power, directly or indirectly, through

1 the ownership of voting securities or other ownership in-
2 terests, by contract or otherwise, to direct the manage-
3 ment of or elect or appoint a majority of the board of di-
4 rectors or other persons performing similar functions in
5 lieu of, or in addition to, the board of directors of that
6 legal entity.

7 (c) CERTIFICATION OF DISENFRANCHISED BONDS.—
8 Prior to any vote on, or consent solicitation for, a Quali-
9 fying Modification, the Issuer shall deliver to the Calcula-
10 tion Agent a certificate signed by an authorized represent-
11 ative of the Issuer specifying any Bonds that are deemed
12 not to be Outstanding for the purpose of subsection (b)
13 above.

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

17 (1) Not less than one Pool shall be established
18 for each Issuer.

19 (2) A Pool that contains one or more Secured
20 Bonds shall be a Secured Pool.

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

23 (A) For each Issuer that has issued mul-
24 tiple Bonds that are distinguished by specific
25 provisions governing priority or security ar-

1 rangements, including Bonds that have been
2 issued as general obligations of the Territory
3 Government Issuer to which the Territory Gov-
4 ernment Issuer pledged the full or good faith,
5 credit, and taxing power of the Territory Gov-
6 ernment Issuer, separate Pools shall be estab-
7 lished corresponding to the relative priority or
8 security arrangements of each holder of Bonds
9 against each Issuer, as applicable, provided,
10 however, that the term “priority” as used in
11 this section shall not be understood to mean
12 differing payment or maturity dates.

13 (B) For each Issuer that has issued senior
14 and subordinated Bonds, separate Pools shall
15 be established for the senior and subordinated
16 Bonds corresponding to the relative priority or
17 security arrangements.

18 (C) For each Issuer that has issued mul-
19 tiple Bonds, for at least some of which a guar-
20 antee of repayment has been provided by the
21 Territory Government Issuer, separate Pools
22 shall be established for such guaranteed and
23 non-guaranteed Bonds.

24 (D) Subject to the other requirements con-
25 tained in this section, for each Issuer that has

1 issued multiple Bonds, for at least some of
2 which a dedicated revenue stream has been
3 pledged for repayment, separate Pools for such
4 Issuer shall be established as follows—

5 (i) for each dedicated revenue stream
6 that has been pledged for repayment, not
7 less than one Secured Pool for Bonds for
8 which such revenue stream has been
9 pledged, and separate Secured Pools shall
10 be established for Bonds of different pri-
11 ority; and

12 (ii) not less than one Pool for all
13 other Bonds issued by the Issuer for which
14 a dedicated revenue stream has not been
15 pledged for repayment.

16 (E) The Administrative Supervisor shall
17 not place into separate Pools Bonds of the same
18 Issuer that have identical rights in security or
19 priority.

20 (4) Notwithstanding the preceding provisions of
21 this subsection, a preexisting voluntary agreement
22 may classify Insured Bonds and uninsured bonds in
23 different Pools and provide different treatment
24 thereof so long as the preexisting voluntary agree-
25 ment has been agreed to by—

1 (A) holders of a majority in amount of all
2 uninsured bonds outstanding in the modified
3 Pool; and

4 (B) holders (including insurers with power
5 to vote) of a majority in amount of all Insured
6 Bonds.

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

12 (f) INFORMATION DELIVERY REQUIREMENT.—Be-
13 fore solicitation of acceptance or rejection of a Modifica-
14 tion under subsection (h), the Issuer shall provide to the
15 Calculation Agent, the Information Agent, and the Admin-
16 istrative Supervisor, the following information—

17 (1) a description of the Issuer's economic and
18 financial circumstances which are, in the Issuer's
19 opinion, relevant to the request for the proposed
20 Qualifying Modification, a description of the Issuer's
21 existing debts, a description of the impact of the
22 proposed Qualifying Modification on the Territory's
23 or its territorial instrumentalities' public debt;

24 (2) if the Issuer is seeking Modifications affect-
25 ing any other Pools of Bonds of the Territory Gov-

1 ernment Issuer or its Authorized Territorial Instru-
2 mentalities, a description of such other Modifica-
3 tions;

4 (3) if a Fiscal Plan with respect to such Issuer
5 has been certified, the applicable Fiscal Plan cer-
6 tified in accordance with section 201; and

7 (4) such other information as may be required
8 under applicable securities laws.

9 (g) QUALIFYING MODIFICATION.—A Modification is
10 a Qualifying Modification if—

11 (1) the Issuer proposing the Modification has
12 consulted with holders of Bonds in each Pool of such
13 Issuer prior to soliciting a vote on such Modification;

14 (2) each exchanging, repurchasing, converting,
15 or substituting holder of Bonds of any series in a
16 Pool affected by that Modification is offered the
17 same amount of consideration per amount of prin-
18 cipal, the same amount of consideration per amount
19 of interest accrued but unpaid and the same amount
20 of consideration per amount of past due interest, re-
21 spectively, as that offered to each other exchanging,
22 repurchasing, converting, or substituting holder of
23 Bonds of any series in a Pool affected by that Modi-
24 fication (or, where a menu of instruments or other
25 consideration is offered, each exchanging, repur-

1 chasing, converting, or substituting holder of Bonds
2 of any series in a Pool affected by that Modification
3 is offered the same amount of consideration per
4 amount of principal, the same amount of consider-
5 ation per amount of interest accrued but unpaid and
6 the same amount of consideration per amount of
7 past due interest, respectively, as that offered to
8 each other exchanging, repurchasing, converting, or
9 substituting holder of Bonds of any series in a Pool
10 affected by that Modification electing the same op-
11 tion under such menu of instruments);

12 (3) the Modification is certified by the Adminis-
13 trative Supervisor as being consistent with the re-
14 quirements set forth in section 104(i)(1) and is in
15 the best interests of the creditors and is feasible; or

16 (4) notwithstanding paragraphs (1) through
17 (3), the Administrative Supervisor has issued a cer-
18 tification that—

19 (A) the requirements set forth in section
20 104(i)(2) have been satisfied; or

21 (B) the Modification is consistent with a
22 restructuring support or similar agreement to
23 be implemented pursuant to the law of the cov-
24 ered territory executed by the Issuer prior to
25 the establishment.

1 (h) SOLICITATION.—

2 (1) Upon receipt of a certification from the Ad-
3 ministrative Supervisor under subsection (g), the In-
4 formation Agent shall, if practical and except as pro-
5 vided in paragraph (2), submit to the holders of any
6 Outstanding Bonds of the relevant Issuer, including
7 holders of the right to vote such Outstanding Bonds,
8 the information submitted by the relevant Issuer
9 under subsection (f)(1) in order to solicit the vote of
10 such holders to approve or reject the Qualifying
11 Modification.

12 (2) If the Information Agent is unable to iden-
13 tify the address of holders of any Outstanding
14 Bonds of the relevant Issuer, the Information Agent
15 may solicit the vote or consent of such holders by—

16 (A) delivering the solicitation to the paying
17 agent for any such Issuer or Depository Trust
18 Corporation if it serves as the clearing system
19 for any of the Issuer's Outstanding Bonds; or

20 (B) delivering or publishing the solicitation
21 by whatever additional means the Information
22 Agent, after consultation with the Issuer, deems
23 necessary and appropriate in order to make a
24 reasonable effort to inform holders of any Out-
25 standing Bonds of the Issuer which may in-

1 clude, notice by mail, publication in electronic
2 media, publication on a website of the Issuer, or
3 publication in newspapers of national circula-
4 tion in the United States and in a newspaper
5 of general circulation in the territory.

6 (i) WHO MAY PROPOSE A MODIFICATION.—For each
7 Issuer, a Modification may be proposed to the Administra-
8 tive Supervisor by the Issuer or by one or more holders
9 of the right to vote the Issuer’s Outstanding Bonds. To
10 the extent a Modification proposed by one or more holders
11 of the right to vote Outstanding Bonds otherwise complies
12 with the requirements of this title, the Administrative Su-
13 pervisor may accept such Modification on behalf of the
14 Issuer, in which case the Administrative Supervisor will
15 instruct the Issuer to provide the information required in
16 subsection (f).

17 (j) VOTING.—For each Issuer, any Qualifying Modi-
18 fication may be made with the affirmative vote of the hold-
19 ers of the right to vote at least two-thirds of the Out-
20 standing Principal amount of the Outstanding Bonds in
21 each Pool that have voted to approve or reject the Quali-
22 fying Modification, provided that holders of the right to
23 vote not less than a majority of the aggregate Outstanding
24 Principal amount of all the Outstanding Bonds in each
25 Pool have voted to approve the Qualifying Modification.

1 The holder of the right to vote the Outstanding Bonds
2 that are Insured Bonds shall be the monoline insurer in-
3 suring such Insured Bond to the extent such insurer is
4 granted the right to vote Insured Bonds for purposes of
5 directing remedies or consenting to proposed amendments
6 or modifications as provided in the applicable documents
7 pursuant to which such Insured Bond was issued and in-
8 sured.

9 (k) CALCULATION AGENT.—For the purpose of cal-
10 culating the principal amount of the Bonds of any series
11 eligible to participate in such a vote or consent solicitation
12 and tabulating such votes or consents, the Territory Gov-
13 ernment Issuer may appoint a Calculation Agent for each
14 Pool reasonably acceptable to the Administrative Super-
15 visor.

16 (l) INFORMATION AGENT.—For the purpose of ad-
17 ministering a vote of holders of Bonds, including the hold-
18 ers of the right to vote such Bonds, or seeking the consent
19 of holder of Bonds, including the holders of the right to
20 vote such Bonds, to a written action under this section,
21 the Territory Government Issuer may appoint an Informa-
22 tion Agent for each Pool reasonably acceptable to the Ad-
23 ministrative Supervisor.

24 (m) BINDING EFFECT.—

1 (1) A Qualifying Modification will be conclusive
2 and binding on all holders of Bonds whether or not
3 they have given such consent, and on all future hold-
4 ers of those Bonds whether or not notation of such
5 Qualifying Modification is made upon the Bonds,
6 if—

7 (A) the holders of the right to vote the
8 Outstanding Bonds in each Pool of the Issuer
9 pursuant to subsection (j) have consented to or
10 approved the Qualifying Modification;

11 (B) the Administrative Supervisor certifies
12 that—

13 (i) the voting requirements of this sec-
14 tion have been satisfied;

15 (ii) the Qualifying Modification com-
16 plies with the requirements set forth in
17 section 104(i)(1); and

18 (iii) except for such conditions that
19 have been identified in the Qualifying
20 Modification as being non-waivable, any
21 conditions on the effectiveness of the
22 Qualifying Modification have been satisfied
23 or, in the Administrative Supervisor's sole
24 discretion, satisfaction of such conditions
25 has been waived;

1 (C) with respect to a Bond Claim that is
2 secured by a lien on property and with respect
3 to which the holder of such Bond Claim has re-
4 jected or not consented to the Qualifying Modi-
5 fication, the holder of such Bond—

6 (i) retains the lien securing such Bond
7 Claims; or

8 (ii) receives on account of such Bond
9 Claim, through deferred cash payments,
10 substitute collateral, or otherwise, at least
11 the equivalent value of the lesser of the
12 amount of the Bond Claim or of the collat-
13 eral securing such Bond Claim; and

14 (D) the district court for the territory or,
15 for any territory that does not have a district
16 court, the United States District Court for the
17 District of Hawaii, has, after reviewing an ap-
18 plication submitted to it by the applicable
19 Issuer for an order approving the Qualifying
20 Modification, entered an order that the require-
21 ments of this section have been satisfied.

22 (2) Upon the entry of an order under para-
23 graph (1)(D), the conclusive and binding Qualifying
24 Modification shall be valid and binding on any per-
25 son or entity asserting claims or other rights, includ-

1 ing a beneficial interest (directly or indirectly, as
2 principal, agent, counterpart, subrogee, insurer or
3 otherwise) in respect of Bonds subject to the Quali-
4 fying Modification, any trustee, any collateral agent,
5 any indenture trustee, any fiscal agent, and any
6 bank that receives or holds funds related to such
7 Bonds. All property of an Issuer for which an order
8 has been entered under paragraph (1)(D) shall vest
9 in the Issuer free and clear of all claims in respect
10 of any Bonds of any other Issuer. Such Qualifying
11 Modification will be full, final, complete, binding,
12 and conclusive as to the territorial government
13 Issuer, other territorial instrumentalities of the terri-
14 torial government Issuer, and any creditors of such
15 entities, and should not be subject to any collateral
16 attack or other challenge by any such entities in any
17 court or other forum. Notwithstanding anything
18 herein to the contrary, the foregoing shall not preju-
19 dice the rights and claims of any party that insured
20 the Bonds, including the right to assert claims under
21 the Bonds as modified following any payment under
22 the insurance policy, and no claim or right that may
23 be asserted by any party in a capacity other than
24 holder of a Bond affected by the Qualifying Modi-

1 fication shall be satisfied, released, discharged, or
2 enjoined by this provision.

3 (n) JUDICIAL REVIEW.—

4 (1) The district court for the territory or, for
5 any territory that does not have a district court, the
6 United States District Court for the District of Ha-
7 waii shall have original and exclusive jurisdiction
8 over civil actions arising under this section.

9 (2) Notwithstanding section 106(e), there shall
10 be a cause of action to challenge unlawful applica-
11 tion of this section.

12 (3) The district court shall nullify a Modifica-
13 tion and any effects on the rights of the holders of
14 Bonds resulting from such Modification if and only
15 if the district court determines that such Modifica-
16 tion is manifestly inconsistent with this section.

17 **SEC. 602. APPLICABLE LAW.**

18 In any judicial proceeding regarding this title, Fed-
19 eral, State, or territorial laws of the United States, as ap-
20 plicable, shall govern and be applied without regard or ref-
21 erence to any law of any international or foreign jurisdic-
22 tion.

○