



Popular Democratic Party

José Luis Dalmau
President

April 13, 2021

The Honorable Raul Grijalva
Chairman
House Natural Resources Committee
US House of Representatives
Us Capitol Building, Washington DC

Dear Chairman Grijalva:

As President of the Senate of Puerto Rico and of the Popular Democratic Party - the party that controls the legislature and most of the island's municipalities - I am writing to you as chairman of the House Natural Resources Committee on the matter of the hearing scheduled for tomorrow, Wednesday, April 14, 2021, where the bills H.R. 1522 and H.R. 2070 on the status of Puerto Rico will be discussed.

From the list of witnesses that was published, I gather that the Chairman of the Natural Resources Committee agreed with the proponents of the bills to include only supporters of their respective bills.

Therefore, in the case of H.R. 1522, which calls for Puerto Rico's admission to the Union, the Committee will only hear from four statehood advocates, including the incumbent governor. Similarly, on H.R. 2070, the committee will only hear from four proponents of a status assembly that will not consider the current commonwealth status and its capacity for development among the alternatives that should be available to the electorate.

Under the structure of the draft status assembly, only the options of statehood and independence are recognized since, in the opinion of the interagency committees of the White House and the U.S. Department of Justice, the free association option is a variant of independence.

Therefore, by excluding the Commonwealth option and its official representatives from the Popular Democratic Party, almost half of the electorate is being excluded from the process, raising doubts about the legitimacy of any future vote.

This is important because while the panel on H.R.2070 includes two members of the Popular Democratic Party, they will not be speaking on behalf of the party, but in their personal capacity. The party's governing board has approved a Resolution conditioning support of H.R. 2070 on it

being amended so that, among other things, commonwealth status and its ability to develop would be recognized as a valid option, as the Obama and Trump administrations required in the past. Its exclusion disenfranchises almost half of Puerto Rican voters and is, thus, unacceptable.

Regarding H.R. 1522, which calls for the admission of Puerto Rico as a state, the position of the Popular Democratic Party is that this bill is a very defective one.

It would grant admission of the island as a state by a simple, uninformed majority vote, without having studied and oriented the voters (or Congress) on the impact of introducing federal taxes in Puerto Rico and its effect on industries and businesses, which would result in the loss of thousands of jobs due to tax increases.

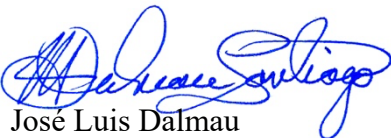
The General Accountability Office (GAO) warned in 2014 that if Puerto Rico were to become a state, it would have to lower its local tax rates to accommodate federal taxes, thus causing a reduction in tax revenues for state government spending.

If so, a reduction in revenues to the general fund of the Puerto Rico government would not only have adverse effects on the payroll of public employees, but by reducing revenues to that fund, it would also reduce the ability to pay the public debt obligations that are currently being negotiated by the Fiscal Oversight Board under congressional mandate.

Puerto Rico has struggled to balance its budget, even with the intervention of a Fiscal Oversight Board and an extensive debt restructuring process through the federal court, so it should be obvious that any reduction in tax revenues could have serious, if not fatal, consequences on the island's economy and recovery.

Should these bills advance beyond what appears to be a courtesy hearing, and indeed reach a final drafting process to be submitted to the floor (Markup Session) then the Popular Democratic Party will be in a position to submit our views and possible amendments to be presented at the appropriate time.

Respectfully,



José Luis Dalmau
President