

JUNE 3, 2016

RULES COMMITTEE PRINT 114-57
TEXT OF H.R. 5278, PROMESA

**[Showing the text of the bill as ordered reported by the
Committee on Natural Resources.]**

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

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

**TITLE I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT
BOARD**

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

TITLE II—RESPONSIBILITIES OF OVERSIGHT BOARD

- Sec. 201. Approval of fiscal plans.
- Sec. 202. Approval of budgets.
- Sec. 203. Effect of finding of noncompliance with budget.
- Sec. 204. Review of activities to ensure compliance with fiscal plan.
- Sec. 205. Recommendations on financial stability and management responsi-
bility.

- Sec. 206. Oversight Board duties related to restructuring.
- Sec. 207. Oversight Board authority related to debt issuance.
- Sec. 208. Required reports.
- Sec. 209. Termination of Oversight Board.
- Sec. 210. No full faith and credit of the United States.
- Sec. 211. Analysis of pensions.
- Sec. 212. Intervention in litigation.

TITLE III—ADJUSTMENTS OF DEBTS

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

TITLE IV—MISCELLANEOUS PROVISIONS

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

TITLE V—PUERTO RICO INFRASTRUCTURE REVITALIZATION

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

TITLE VI—CREDITOR COLLECTIVE ACTION

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

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

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

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

2 (a) IN GENERAL.—Except as provided in subsection

3 (b), this Act shall take effect on the date of the enactment
4 of this Act.

5 (b) TITLE III AND TITLE VI.—

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

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

13 **SEC. 3. SEVERABILITY.**

14 If any provision of this Act or the application thereof
15 to any person or circumstance is held invalid, the remain-
16 der of this Act, or the application of that provision to per-
17 sons or circumstances other than those as to which it is
18 held invalid, is not affected thereby, provided that title III
19 is not severable from titles I and II, and titles I and II
20 are not severable from title III.

1 **SEC. 4. SUPREMACY.**

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

5 **SEC. 5. DEFINITIONS.**

6 In this Act—

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

16 (2) **BOND.**—The term “Bond” means a bond,
17 loan, letter of credit, other borrowing title, obligation
18 of insurance, or other financial indebtedness for bor-
19 rowed money, including rights, entitlements, or obli-
20 gations whether such rights, entitlements, or obliga-
21 tions arise from contract, statute, or any other
22 source of law, in any case, related to such a bond,
23 loan, letter of credit, other borrowing title, obligation
24 of insurance, or other financial indebtedness in phys-
25 ical or dematerialized form of which the issuer, obli-
26 gor, or guarantor is the territorial government.

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

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

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

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

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

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

22 (A) agreed accounting standards; and

23 (B) the applicable Fiscal Plan.

24 (7) COVERED TERRITORIAL INSTRUMEN-
25 TALITY.—The term “covered territorial instrumen-

1 tality” means a territorial instrumentality des-
2 ignated by the Oversight Board pursuant to section
3 101 to be subject to the requirements of this Act.

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

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

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

13 (11) GOVERNMENT OF PUERTO RICO.—The
14 term “Government of Puerto Rico” means the Com-
15 monwealth of Puerto Rico, including all its terri-
16 torial instrumentalities.

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

19 (13) INSTRUMENTALITY BUDGET.—The term
20 “Instrumentality Budget” means a budget for a cov-
21 ered territorial instrumentality, designated by the
22 Oversight Board in accordance with section 101,
23 submitted, approved, and certified in accordance
24 with section 202.

1 (14) INSTRUMENTALITY FISCAL PLAN.—The
2 term “Instrumentality Fiscal Plan” means a fiscal
3 plan for a covered territorial instrumentality, des-
4 ignated by the Oversight Board in accordance with
5 section 101, submitted, approved, and certified in
6 accordance with section 201.

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

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

18 (17) OVERSIGHT BOARD.—The term “Oversight
19 Board” means a Financial Oversight and Manage-
20 ment Board established in accordance with section
21 101.

22 (18) TERRITORIAL GOVERNMENT.—The term
23 “territorial government” means the government of a
24 covered territory, including all covered territorial in-
25 strumentalities.

1 (19) TERRITORIAL INSTRUMENTALITY.—

2 (A) IN GENERAL.—The term “territorial
3 instrumentality” means any political subdivi-
4 sion, public agency, instrumentality—including
5 any instrumentality that is also a bank—or pub-
6 lic corporation of a territory, and this term
7 should be broadly construed to effectuate the
8 purposes of this Act.

9 (B) EXCLUSION.—The term “territorial in-
10 strumentality” does not include an Oversight
11 Board.

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

14 (A) Puerto Rico;

15 (B) Guam;

16 (C) American Samoa;

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

19 (E) the United States Virgin Islands.

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

24 (22) TERRITORY FISCAL PLAN.—The term
25 “Territory Fiscal Plan” means a fiscal plan for a

1 territorial government submitted, approved, and cer-
2 tified in accordance with section 201.

3 **SEC. 6. PLACEMENT.**

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

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

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

15 **TITLE I—ESTABLISHMENT AND**
16 **ORGANIZATION OF OVER-**
17 **SIGHT BOARD**

18 **SEC. 101. FINANCIAL OVERSIGHT AND MANAGEMENT**
19 **BOARD.**

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

23 (b) ESTABLISHMENT.—

24 (1) IN GENERAL.—Except as provided in para-
25 graph (2), a Financial Oversight and Management

1 Board for a territory is established in accordance
2 with this section only if the Legislature of the terri-
3 tory adopts a resolution signed by the Governor re-
4 questing the establishment.

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

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

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

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

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

21 (d) OVERSIGHT OF TERRITORIAL INSTRUMENTAL-
22 ITIES.—

23 (1) DESIGNATION.—

24 (A) IN GENERAL.—An Oversight Board, in
25 its sole discretion at such time as the Oversight

1 Board determines to be appropriate, may des-
2 ignate any territorial instrumentality as a cov-
3 ered territorial instrumentality that is subject
4 to the requirements of this Act.

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

19 (C) SEPARATE INSTRUMENTALITY BUDG-
20 ETS AND REPORTS.—The Oversight Board in
21 its sole discretion may or, if it requires a budg-
22 et from a covered territorial instrumentality
23 whose budget does not require legislative ap-
24 proval under applicable territory law, shall des-
25 ignate a covered territorial instrumentality to

1 be the subject of an Instrumentality Budget
2 separate from the applicable Territory Budget
3 and require that the Governor develop such an
4 Instrumentality Budget.

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

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

24 (2) EXCLUSION.—

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

6 (B) TREATMENT.—A territorial instrumen-
7 tality excluded pursuant to this paragraph shall
8 not be considered to be a covered territorial in-
9 strumentality.

10 (e) MEMBERSHIP.—

11 (1) IN GENERAL.—

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

16 (B) The Board shall be comprised of one
17 Category A member, one Category B member,
18 two Category C members, one Category D
19 member, one Category E member, and one Cat-
20 egory F member.

21 (2) APPOINTED MEMBERS.—

22 (A) The President shall appoint the indi-
23 vidual members of the Oversight Board, of
24 which—

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

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

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

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

16 (v) the Category E member should be
17 selected from a list submitted by the Mi-
18 nority Leader of the Senate; and

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

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

24 (i) the Speaker of the House of Rep-
25 resentatives shall submit two non-overlap-

1 ping lists of at least three individuals to
2 the President; one list shall include three
3 individuals who maintain a primary resi-
4 dence in the territory or have a primary
5 place of business in the territory;

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

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

13 (iv) the Minority Leader of the Senate
14 shall submit a list of at least three individ-
15 uals to the President.

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

21 (D) The Category A member shall main-
22 tain a primary residence in the territory or have
23 a primary place of business in the territory.

24 (E) With respect to the appointment of a
25 Board member in Category A, B, C, D, or E,

1 such an appointment shall be by and with the
2 advice and consent of the Senate, unless the
3 President appoints an individual from a list, as
4 provided in this subsection, in which case no
5 Senate confirmation is required.

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

13 (G) With respect to an Oversight Board
14 for Puerto Rico, in the event any of the 7 mem-
15 bers have not been appointed by September 30,
16 2016, then the President shall appoint an indi-
17 vidual from the list for the current vacant cat-
18 egory by December 1, 2016, provided that such
19 list includes at least 2 individuals per vacancy
20 who meet the requirements set forth in sub-
21 section (f) and section 109, and are willing to
22 serve.

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

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

7 (5) TERM OF SERVICE.—

8 (A) IN GENERAL.—Each appointed mem-
9 ber of the Oversight Board shall be appointed
10 for a term of 3 years.

11 (B) REMOVAL.—The President may re-
12 move any member of the Oversight Board only
13 for cause.

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

19 (D) REAPPOINTMENT.—An individual may
20 serve consecutive terms as an appointed mem-
21 ber, provided that such reappointment occurs in
22 compliance with paragraph (6).

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

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

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

7 (2) prior to appointment, an individual is not
8 an officer, elected official, or employee of the terri-
9 torial government, a candidate for elected office of
10 the territorial government, or a former elected offi-
11 cial of the territorial government.

12 (g) NO COMPENSATION FOR SERVICE.—Members of
13 the Oversight Board shall serve without pay, but may re-
14 ceive reimbursement from the Oversight Board for any
15 reasonable and necessary expenses incurred by reason of
16 service on the Oversight Board.

17 (h) ADOPTION OF BYLAWS FOR CONDUCTING BUSI-
18 NESS OF OVERSIGHT BOARD.—

19 (1) IN GENERAL.—As soon as practicable after
20 the appointment of all members and appointment of
21 the Chair, the Oversight Board shall adopt bylaws,
22 rules, and procedures governing its activities under
23 this Act, including procedures for hiring experts and
24 consultants. Such bylaws, rules, and procedures shall
25 be public documents, and shall be submitted by the

1 Oversight Board upon adoption to the Governor, the
2 Legislature, the President, and Congress. The Over-
3 sight Board may hire professionals as it determines
4 to be necessary to carry out this subsection.

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

18 (3) ADOPTION OF RULES AND REGULATIONS OF
19 TERRITORIAL GOVERNMENT.—The Oversight Board
20 may incorporate in its bylaws, rules, and procedures
21 under this subsection such rules and regulations of
22 the territorial government as it considers appro-
23 priate to enable it to carry out its activities under
24 this Act with the greatest degree of independence
25 practicable.

1 (4) EXECUTIVE SESSION.—Upon a majority
2 vote of the Oversight Board’s full voting member-
3 ship, the Oversight Board may conduct its business
4 in an executive session that consists solely of the
5 Oversight Board’s voting members and is closed to
6 the public, but only for the business items set forth
7 as part of the vote to convene an executive session.

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

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

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

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

23 (b) STAFF.—With the approval of the Chair, the Ex-
24 ecutive Director may appoint and fix the pay of additional
25 personnel as the Executive Director considers appropriate,

1 except that no individual appointed by the Executive Di-
2 rector may be paid at a rate greater than the rate of pay
3 for the Executive Director unless the Oversight Board pro-
4 vides for otherwise. The staff shall include a Revitalization
5 Coordinator appointed pursuant to Title V of this Act.
6 Any such personnel may include private citizens, employ-
7 ees of the Federal Government, or employees of the terri-
8 torial government, provided, however, that the Executive
9 Director may not fix the pay of employees of the Federal
10 Government or the territorial government.

11 (c) INAPPLICABILITY OF CERTAIN EMPLOYMENT
12 AND PROCUREMENT LAWS.—The Executive Director and
13 staff of the Oversight Board may be appointed and paid
14 without regard to any provision of the laws of the covered
15 territory or the Federal Government governing appoint-
16 ments and salaries. Any provision of the laws of the cov-
17 ered territory governing procurement shall not apply to
18 the Oversight Board.

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

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

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

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

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

18 (c) OBTAINING OFFICIAL DATA.—

19 (1) FROM FEDERAL GOVERNMENT.—Notwith-
20 standing sections 552 (commonly known as the
21 Freedom of Information Act), 552a (commonly
22 known as the Privacy Act of 1974), and 552b (com-
23 monly known as the Government in the Sunshine
24 Act) of title 5, United States Code, the Oversight
25 Board may secure directly from any department or

1 agency of the United States information necessary
2 to enable it to carry out this Act, with the approval
3 of the head of that department or agency.

4 (2) FROM TERRITORIAL GOVERNMENT.—Not-
5 withstanding any other provision of law, the Over-
6 sight Board shall have the right to secure copies,
7 whether written or electronic, of such records, docu-
8 ments, information, data, or metadata from the ter-
9 ritorial government necessary to enable the Over-
10 sight Board to carry out its responsibilities under
11 this Act. At the request of the Oversight Board, the
12 Oversight Board shall be granted direct access to
13 such information systems, records, documents, infor-
14 mation, or data as will enable the Oversight Board
15 to carry out its responsibilities under this Act. The
16 head of the entity of the territorial government re-
17 sponsible shall provide the Oversight Board with
18 such information and assistance (including granting
19 the Oversight Board direct access to automated or
20 other information systems) as the Oversight Board
21 requires under this paragraph.

22 (d) OBTAINING CREDITOR INFORMATION.—

23 (1) Upon request of the Oversight Board, each
24 creditor or organized group of creditors of a covered
25 territory or covered territorial instrumentality seek-

1 ing to participate in voluntary negotiations shall pro-
2 vide to the Oversight Board, and the Oversight
3 Board shall make publicly available to any other
4 participant, a statement setting forth—

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

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

11 (i) the date the creditor acquired the
12 claims or other economic interests or, in
13 the case of an organized group of credi-
14 tors, the date the group was formed; or

15 (ii) the date the Oversight Board was
16 formed.

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

19 (A) acting in concert to advance their com-
20 mon interests, including, but not limited to, re-
21 taining legal counsel to represent such multiple
22 entities; and

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

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

6 (e) GIFTS, BEQUESTS, AND DEVISES.—The Over-
7 sight Board may accept, use, and dispose of gifts, be-
8 quests, or devises of services or property, both real and
9 personal, for the purpose of aiding or facilitating the work
10 of the Oversight Board. Gifts, bequests, or devises of
11 money and proceeds from sales of other property received
12 as gifts, bequests, or devises shall be deposited in such
13 account as the Oversight Board may establish and shall
14 be available for disbursement upon order of the Chair,
15 consistent with the Oversight Board’s bylaws, or rules and
16 procedures. All gifts, bequests or devises and the identities
17 of the donors shall be publicly disclosed by the Oversight
18 Board within 30 days of receipt.

19 (f) SUBPOENA POWER.—

20 (1) IN GENERAL.—The Oversight Board may
21 issue subpoenas requiring the attendance and testi-
22 mony of witnesses and the production of books,
23 records, correspondence, memoranda, papers, docu-
24 ments, electronic files, metadata, tapes, and mate-
25 rials of any nature relating to any matter under in-

1 investigation by the Oversight Board. Jurisdiction to
2 compel the attendance of witnesses and the produc-
3 tion of such materials shall be governed by the stat-
4 ute setting forth the scope of personal jurisdiction
5 exercised by the covered territory, or in the case of
6 Puerto Rico, 32 L.P.R.A. App. III. R. 4. 7., as
7 amended.

8 (2) FAILURE TO OBEY A SUBPOENA.—If a per-
9 son refuses to obey a subpoena issued under para-
10 graph (1), the Oversight Board may apply to the
11 court of first instance of the covered territory. Any
12 failure to obey the order of the court may be pun-
13 ished by the court in accordance with civil contempt
14 laws of the covered territory.

15 (3) SERVICE OF SUBPOENAS.—The subpoena of
16 the Oversight Board shall be served in the manner
17 provided by the rules of procedure for the courts of
18 the covered territory, or in the case of Puerto Rico,
19 the Rules of Civil Procedure of Puerto Rico, for sub-
20 poenas issued by the court of first instance of the
21 covered territory.

22 (g) AUTHORITY TO ENTER INTO CONTRACTS.—The
23 Executive Director may enter into such contracts as the
24 Executive Director considers appropriate (subject to the
25 approval of the Chair) consistent with the Oversight

1 Board’s bylaws, rules, and regulations to carry out the
2 Oversight Board’s responsibilities under this Act.

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

12 (i) VOLUNTARY AGREEMENT CERTIFICATION.—

13 (1) IN GENERAL.—The Oversight Board shall
14 issue a certification to a covered territory or covered
15 territorial instrumentality if the Oversight Board de-
16 termines, in its sole discretion, that such covered
17 territory or covered territorial instrumentality, as
18 applicable, has successfully reached a voluntary
19 agreement with holders of its Bond Claims to re-
20 structure such Bond Claims—

21 (A) except as provided in subparagraph
22 (C), if an applicable Fiscal Plan has been cer-
23 tified, in a manner that provides for a sustain-
24 able level of debt for such covered territory or
25 covered territorial instrumentality, as applica-

1 ble, and is in conformance with the applicable
2 certified Fiscal Plan;

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

9 (C) notwithstanding subparagraphs (A)
10 and (B), if an applicable Fiscal Plan has not
11 yet been certified and the voluntary agreement
12 is limited solely to an extension of applicable
13 principal maturities and interest on Bonds
14 issued by such covered territory or covered ter-
15 ritorial instrumentality, as applicable, for a pe-
16 riod of up to one year during which time no in-
17 terest will be paid on the Bond Claims affected
18 by the voluntary agreement.

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

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

24 (B) the agreement of a majority in amount
25 of the Bond Claims of a covered territory or a

1 covered territorial instrumentality that are to be
2 affected by such agreement, provided, however,
3 that such agreement is solely for purposes of
4 serving as a Qualifying Modification pursuant
5 to subsection 601(g) of this Act and shall not
6 alter existing legal rights of holders of Bond
7 Claims against such covered territory or covered
8 territorial instrumentality that have not as-
9 sented to such agreement.

10 (3) PREEXISTING VOLUNTARY AGREEMENTS.—

11 Any voluntary agreements that the territorial gov-
12 ernment or any covered territorial instrumentality
13 has executed with holders of its debts to restructure
14 such debts prior to the date of enactment of the Act
15 shall be deemed to be in conformance with the re-
16 quirements of this subsection, to the extent the re-
17 quirements of paragraph (2)(B)(i) have been satis-
18 fied.

19 (j) RESTRUCTURING FILINGS.—

20 (1) IN GENERAL.—Subject to paragraph (3),
21 before taking an action described in paragraph (2)
22 on behalf of a debtor or potential debtor in a case
23 under title III, the Oversight Board must certify the
24 action.

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

3 (A) the filing of a petition; or

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

6 (3) CONDITION FOR PLANS OF ADJUSTMENT.—

7 The Oversight Board may certify a plan of adjust-
8 ment only if it determines, in its sole discretion, that
9 it is consistent with the applicable certified Fiscal
10 Plan.

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

14 (l) PENALTIES.—

15 (1) ACTS PROHIBITED.—Any officer or em-
16 ployee of the territorial government who prepares,
17 presents, or certifies any information or report for
18 the Oversight Board or any of its agents that is in-
19 tentiously false or misleading, or, upon learning
20 that any such information is false or misleading,
21 fails to immediately advise the Oversight Board or
22 its agents thereof in writing, shall be subject to
23 prosecution and penalties under any laws of the ter-
24 ritory prohibiting the provision of false information

1 to government officials, which in the case of Puerto
2 Rico shall include 33 L.P.R.A. 4889, as amended.

3 (2) ADMINISTRATIVE DISCIPLINE.—In addition
4 to any other applicable penalty, any officer or em-
5 ployee of the territorial government who knowingly
6 and willfully violates paragraph (1) or takes any
7 such action in violation of any valid order of the
8 Oversight Board or fails or refuses to take any ac-
9 tion required by any such order, shall be subject to
10 appropriate administrative discipline, including
11 (when appropriate) suspension from duty without
12 pay or removal from office, by order of the Gov-
13 ernor.

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

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

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

8 (o) INVESTIGATION OF DISCLOSURE AND SELLING
9 PRACTICES.—The Oversight Board may investigate the
10 disclosure and selling practices in connection with the pur-
11 chase of bonds issued by the Government of Puerto Rico
12 for or on behalf of any retail investors including any
13 underrepresentation of risk for such investors and any re-
14 lationships or conflicts of interest maintained by such
15 broker, dealer, or investment adviser is as provided in ap-
16 plicable laws and regulations.

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

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

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

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

2 (a) JURISDICTION.—Except as provided in section
3 104(f)(2) (relating to the issuance of an order enforcing
4 a subpoena), and title III (relating to adjustments of
5 debts), any action against the Oversight Board, and any
6 action otherwise arising out of this Act, in whole or in
7 part, shall be brought in a United States district court
8 for the covered territory or, for any covered territory that
9 does not have a district court, in the United States Dis-
10 trict Court for the District of Hawaii.

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

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

1 (d) EXPEDITED CONSIDERATION.—It shall be the
2 duty of the applicable United States District Court, the
3 applicable United States Court of Appeals, and, as appli-
4 cable, the Supreme Court of the United States to advance
5 on the docket and to expedite to the greatest possible ex-
6 tent the disposition of any matter brought under this Act.

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

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

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

19 (b) FUNDING.—The Oversight Board shall use its
20 powers with respect to the Territory Budget of the covered
21 territory to ensure that sufficient funds are available to
22 cover all expenses of the Oversight Board. Within 30 days
23 after the date of enactment of this Act, the territorial gov-
24 ernment shall designate a dedicated funding source, not
25 subject to subsequent legislative appropriations, sufficient

1 to support the annual expenses of the Oversight Board
2 as determined in the Oversight Board's sole and exclusive
3 discretion.

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

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

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

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

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

19 **SEC. 109. ETHICS.**

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

1 (b) FINANCIAL DISCLOSURE.—Notwithstanding any
2 ethics provision governing employees of the covered terri-
3 tory, all members of the Oversight Board and staff des-
4 igned by the Oversight Board shall be subject to disclo-
5 sure of their financial interests, the contents of which shall
6 conform to the same requirements set forth in section 102
7 of the Ethics in Government Act of 1978 (5 U.S.C. app.).

8 **TITLE II—RESPONSIBILITIES OF**
9 **OVERSIGHT BOARD**

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

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

1 notice to the Governor, change the dates of such schedule
2 as it deems appropriate and reasonably feasible.

3 (b) REQUIREMENTS.—

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

9 (A) provide for estimates of revenues and
10 expenditures in conformance with agreed ac-
11 counting standards and be based on—

12 (i) applicable laws; or

13 (ii) specific bills that require enact-
14 ment in order to reasonably achieve the
15 projections of the Fiscal Plan;

16 (B) ensure the funding of essential public
17 services;

18 (C) provide adequate funding for public
19 pension systems;

20 (D) provide for the elimination of struc-
21 tural deficits;

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

1 (F) improve fiscal governance, account-
2 ability, and internal controls;

3 (G) enable the achievement of fiscal tar-
4 gets;

5 (H) create independent forecasts of rev-
6 enue for the period covered by the Fiscal Plan;

7 (I) include a debt sustainability analysis;

8 (J) provide for capital expenditures and in-
9 vestments necessary to promote economic
10 growth;

11 (K) adopt appropriate recommendations
12 submitted by the Oversight Board under section
13 205(a);

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

16 (M) ensure that assets, funds, or resources
17 of a territorial instrumentality are not loaned
18 to, transferred to, or otherwise used for the
19 benefit of a covered territory or another covered
20 territorial instrumentality of a covered territory,
21 unless permitted by the constitution of the ter-
22 ritory, an approved plan of adjustment under
23 title III, or a Qualifying Modification approved
24 under title VI; and

1 (N) respect the relative lawful priorities or
2 lawful liens, as may be applicable, in the con-
3 stitution, other laws, or agreements of a covered
4 territory or covered territorial instrumentality
5 in effect prior to the date of enactment of this
6 Act.

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

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

15 (1) TIMING REQUIREMENT.—The Governor
16 may not submit to the Legislature a Territory Budg-
17 et under section 202 for a fiscal year unless the
18 Oversight Board has certified the Territory Fiscal
19 Plan for that fiscal year in accordance with this sub-
20 section, unless the Oversight Board in its sole dis-
21 cretion waives this requirement.

22 (2) FISCAL PLAN DEVELOPED BY GOVERNOR.—
23 The Governor shall submit to the Oversight Board
24 any proposed Fiscal Plan required by the Oversight

1 Board by the time specified in the notice delivered
2 under subsection (a).

3 (3) REVIEW BY THE OVERSIGHT BOARD.—The
4 Oversight Board shall review any proposed Fiscal
5 Plan to determine whether it satisfies the require-
6 ments set forth in subsection (b) and, if the Over-
7 sight Board determines in its sole discretion that the
8 proposed Fiscal Plan—

9 (A) satisfies such requirements, the Over-
10 sight Board shall approve the proposed Fiscal
11 Plan; or

12 (B) does not satisfy such requirements, the
13 Oversight Board shall provide to the Gov-
14 ernor—

15 (i) a notice of violation that includes
16 recommendations for revisions to the appli-
17 cable Fiscal Plan; and

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

20 (d) REVISED FISCAL PLAN.—

21 (1) IN GENERAL.—If the Governor receives a
22 notice of violation under subsection (c)(3), the Gov-
23 ernor shall submit to the Oversight Board a revised
24 proposed Fiscal Plan in accordance with subsection
25 (b) by the time specified in the notice delivered

1 under subsection (a). The Governor may submit as
2 many revised Fiscal Plans to the Oversight Board as
3 the schedule established in the notice delivered under
4 subsection (a) permits.

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

14 (e) APPROVAL AND CERTIFICATION.—

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

20 (2) DEEMED APPROVAL OF FISCAL PLAN DE-
21 VELOPED BY OVERSIGHT BOARD.—If the Oversight
22 Board develops a Fiscal Plan under subsection
23 (d)(2), such Fiscal Plan shall be deemed approved
24 by the Governor, and the Oversight Board shall

1 issue a compliance certification for such Fiscal Plan
2 to the Governor and the Legislature.

3 (f) **JOINT DEVELOPMENT OF FISCAL PLAN.**—Not-
4 withstanding any other provision of this section, if the
5 Governor and the Oversight Board jointly develop a Fiscal
6 Plan for the fiscal year that meets the requirements under
7 this section, and that the Governor and the Oversight
8 Board certify that the fiscal plan reflects a consensus be-
9 tween the Governor and the Oversight Board, then such
10 Fiscal Plan shall serve as the Fiscal Plan for the territory
11 or territorial instrumentality for that fiscal year.

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

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

1 Budgets that have already been certified, which revisions
2 must be subject to subsequent approval and certification
3 by the Oversight Board. The Oversight Board shall con-
4 sult with the Governor and the Legislature in establishing
5 a schedule, but the Oversight Board shall retain sole dis-
6 cretion to set or, by delivery of a subsequent notice to the
7 Governor and the Legislature, change the dates of such
8 schedule as it deems appropriate and reasonably feasible.

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

15 (c) BUDGETS DEVELOPED BY GOVERNOR.—

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

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

3 (i) approve the Budget; and

4 (ii) if the Budget is a Territory Budget,
5 et, submit the Territory Budget to the
6 Legislature; or

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

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

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

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

1 shall develop and submit to the Governor, in the
2 case of an Instrumentality Budget, and to the Gov-
3 ernor and the Legislature, in the case of a Territory
4 Budget, a revised compliant budget.

5 (d) BUDGET APPROVAL BY LEGISLATURE.—

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

13 (A) if the adopted Territory Budget is a
14 compliant budget, the Oversight Board shall
15 issue a compliance certification for such compli-
16 ant budget pursuant to subsection (e); and

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

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

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

1 (2) LEGISLATURE'S REVISIONS.—The Legisla-
2 ture may correct any violations identified by the
3 Oversight Board and submit a revised Territory
4 Budget to the Oversight Board in accordance with
5 the process established under paragraph (1) and by
6 the time specified in the notice delivered under sub-
7 section (a). The Legislature may submit as many re-
8 vised adopted Territory Budgets to the Oversight
9 Board as the schedule established in the notice deliv-
10 ered under subsection (a) permits. If the Legislature
11 fails to adopt a Territory Budget that the Oversight
12 Board determines is a compliant budget by the time
13 specified in the notice delivered under subsection (a),
14 the Oversight Board shall develop a revised Terri-
15 tory Budget that is a compliant budget and submit
16 it to the Governor and the Legislature.

17 (e) CERTIFICATION OF BUDGETS.—

18 (1) CERTIFICATION OF DEVELOPED AND AP-
19 PROVED TERRITORY BUDGETS.—If the Governor and
20 the Legislature develop and approve a Territory
21 Budget that is a compliant budget by the day before
22 the first day of the fiscal year for which the Terri-
23 tory Budget is being developed and in accordance
24 with the process established under subsections (c)
25 and (d), the Oversight Board shall issue a compli-

1 ance certification to the Governor and the Legisla-
2 ture for such Territory Budget.

3 (2) CERTIFICATION OF DEVELOPED INSTRU-
4 MENTALITY BUDGETS.—If the Governor develops an
5 Instrumentality Budget that is a compliant budget
6 by the day before the first day of the fiscal year for
7 which the Instrumentality Budget is being developed
8 and in accordance with the process established under
9 subsection (c), the Oversight Board shall issue a
10 compliance certification to the Governor for such In-
11 strumentality Budget.

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

22 (A) deemed to be approved by the Gov-
23 ernor and the Legislature;

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

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

6 (4) DEEMED CERTIFICATION OF INSTRUMEN-
7 TIALITY BUDGETS.—If the Governor fails to develop
8 an Instrumentality Budget that is a compliant budg-
9 et by the day before the first day of the fiscal year
10 for which the Instrumentality Budget is being devel-
11 oped, the Oversight Board shall submit an Instru-
12 mentality Budget to the Governor (including any re-
13 vision to the Instrumentality Budget made by the
14 Oversight Board pursuant to subsection (c)(2)) and
15 such Budget shall be—

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

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

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

23 (f) JOINT DEVELOPMENT OF BUDGETS.—Notwith-
24 standing any other provision of this section, if, in the case
25 of a Territory Budget, the Governor, the Legislature, and

1 the Oversight Board, or in the case of an Instrumentality
2 Budget, the Governor and the Oversight Board, jointly de-
3 velop such Budget for the fiscal year that meets the re-
4 quirements under this section, and that the relevant par-
5 ties certify that such budget reflects a consensus among
6 them, then such Budget shall serve as the Budget for the
7 territory or territorial instrumentality for that fiscal year.

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

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

16 (1) the actual cash revenues, cash expenditures,
17 and cash flows of the territorial government for the
18 preceding quarter, as compared to the projected rev-
19 enues, expenditures, and cash flows contained in the
20 certified Budget for such preceding quarter; and

21 (2) any other information requested by the
22 Oversight Board, which may include a balance sheet
23 or a requirement that the Governor provide informa-
24 tion for each covered territorial instrumentality sep-
25 arately.

1 (b) INITIAL ACTION BY OVERSIGHT BOARD.—

2 (1) IN GENERAL.—If the Oversight Board de-
3 termines, based on reports submitted by the Gov-
4 ernor under subsection (a), independent audits, or
5 such other information as the Oversight Board may
6 obtain, that the actual quarterly revenues, expendi-
7 tures, or cash flows of the territorial government are
8 not consistent with the projected revenues, expendi-
9 tures, or cash flows set forth in the certified Budget
10 for such quarter, the Oversight Board shall—

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

15 (B) if the additional information provided
16 under subparagraph (A) does not provide an ex-
17 planation for the inconsistency that the Over-
18 sight Board finds reasonable and appropriate,
19 advise the territorial government to correct the
20 inconsistency by implementing remedial action.

21 (2) DEADLINES.—The Oversight Board shall
22 establish the deadlines by which the territorial gov-
23 ernment shall meet the requirements of subpara-
24 graphs (A) and (B) of paragraph (1).

25 (c) CERTIFICATION.—

1 (1) INCONSISTENCY.—If the territorial govern-
2 ment fails to provide additional information under
3 subsection (b)(1)(A), or fails to correct an inconsist-
4 ency under subsection (b)(1)(B), prior to the appli-
5 cable deadline under subsection (b)(2), the Oversight
6 Board shall certify to the President, the House of
7 Representatives Committee on Natural Resources,
8 the Senate Committee on Energy and Natural Re-
9 sources, the Governor, and the Legislature that the
10 territorial government is inconsistent with the appli-
11 cable certified Budget, and shall describe the nature
12 and amount of the inconsistency.

13 (2) CORRECTION.—If the Oversight Board de-
14 termines that the territorial government has initi-
15 ated such measures as the Oversight Board con-
16 siders sufficient to correct an inconsistency certified
17 under paragraph (1), the Oversight Board shall cer-
18 tify the correction to the President, the House of
19 Representatives Committee on Natural Resources,
20 the Senate Committee on Energy and Natural Re-
21 sources, the Governor, and the Legislature.

22 (d) BUDGET REDUCTIONS BY OVERSIGHT BOARD.—
23 If the Oversight Board determines that the Governor, in
24 the case of any then-applicable certified Instrumentality
25 Budgets, and the Governor and the Legislature, in the

1 case of the then-applicable certified Territory Budget,
2 have failed to correct an inconsistency identified by the
3 Oversight Board under subsection (c), the Oversight
4 Board shall—

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

14 (2) with respect to covered territorial instru-
15 mentalities at the sole discretion of the Oversight
16 Board—

17 (A) make reductions in nondebt expendi-
18 tures to ensure that the actual quarterly reve-
19 nues and expenses for the covered territorial in-
20 strumentality are in compliance with the appli-
21 cable certified Budget or, in the case of the fis-
22 cal year in which the Oversight Board is estab-
23 lished, the budget adopted by the Governor and
24 the Legislature or the covered territorial instru-
25 mentality, as applicable; or

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

3 (ii) prohibit the covered territorial instru-
4 mentality from entering into any contract or en-
5 gaging in any financial or other transactions,
6 unless the contract or transaction was pre-
7 viously approved by the Oversight Board.

8 (e) TERMINATION OF BUDGET REDUCTIONS.—The
9 Oversight Board shall cancel the reductions, hiring
10 freezes, or prohibition on contracts and financial trans-
11 actions under subsection (d) if the Oversight Board deter-
12 mines that the territorial government or covered territorial
13 instrumentality, as applicable, has initiated appropriate
14 measures to reduce expenditures or increase revenues to
15 ensure that the territorial government or covered terri-
16 torial instrumentality is in compliance with the applicable
17 certified Budget or, in the case of the fiscal year in which
18 the Oversight Board is established, the budget adopted by
19 the Governor and the Legislature.

20 **SEC. 204. REVIEW OF ACTIVITIES TO ENSURE COMPLIANCE**
21 **WITH FISCAL PLAN.**

22 (a) SUBMISSION OF LEGISLATIVE ACTS TO OVER-
23 SIGHT BOARD.—

24 (1) SUBMISSION OF ACTS.—Except to the ex-
25 tent that the Oversight Board may provide otherwise

1 in its bylaws, rules, and procedures, not later than
2 7 business days after a territorial government duly
3 enacts any law during any fiscal year in which the
4 Oversight Board is in operation, the Governor shall
5 submit the law to the Oversight Board.

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

10 (A) A formal estimate prepared by an ap-
11 propriate entity of the territorial government
12 with expertise in budgets and financial manage-
13 ment of the impact, if any, that the law will
14 have on expenditures and revenues.

15 (B) If the appropriate entity described in
16 subparagraph (A) finds that the law is not sig-
17 nificantly inconsistent with the Fiscal Plan for
18 the fiscal year, it shall issue a certification of
19 such finding.

20 (C) If the appropriate entity described in
21 subparagraph (A) finds that the law is signifi-
22 cantly inconsistent with the Fiscal Plan for the
23 fiscal year, it shall issue a certification of such
24 finding, together with the entity's reasons for
25 such finding.

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

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

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

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

17 (4) OPPORTUNITY TO RESPOND TO NOTIFICA-
18 TION.—

19 (A) FAILURE TO PROVIDE ESTIMATE OR
20 CERTIFICATION.—After sending a notification
21 to the Governor and the Legislature under
22 paragraph (3)(A) or (3)(B) with respect to a
23 law, the Oversight Board may direct the Gov-
24 ernor to provide the missing estimate or certifi-
25 cation (as the case may be), in accordance with

1 such procedures as the Oversight Board may
2 establish.

3 (B) SUBMISSION OF CERTIFICATION OF
4 SIGNIFICANT INCONSISTENCY WITH FISCAL
5 PLAN AND BUDGET.—In accordance with such
6 procedures as the Oversight Board may estab-
7 lish, after sending a notification to the Gov-
8 ernor and Legislature under paragraph (3)(C)
9 that a law is significantly inconsistent with the
10 Fiscal Plan, the Oversight Board shall direct
11 the territorial government to—

12 (i) correct the law to eliminate the in-
13 consistency; or

14 (ii) provide an explanation for the in-
15 consistency that the Oversight Board finds
16 reasonable and appropriate.

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

1 (6) PRELIMINARY REVIEW OF PROPOSED
2 ACTS.—At the request of the Legislature, the Over-
3 sight Board may conduct a preliminary review of
4 proposed legislation before the Legislature to deter-
5 mine whether the legislation as proposed would be
6 consistent with the applicable Fiscal Plan under this
7 subtitle, except that any such preliminary review
8 shall not be binding on the Oversight Board in re-
9 viewing any law subsequently submitted under this
10 subsection.

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

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

1 (2) AUTHORITY TO REVIEW CERTAIN CON-
2 TRACTS.—The Oversight Board may establish poli-
3 cies to require prior Oversight Board approval of
4 certain contracts, including leases and contracts to
5 a governmental entity or government-owned corpora-
6 tions rather than private enterprises that are pro-
7 posed to be executed by the territorial government,
8 to ensure such proposed contracts promote market
9 competition and are not inconsistent with the ap-
10 proved Fiscal Plan.

11 (3) SENSE OF CONGRESS.—It is the sense of
12 Congress that any policies established by the Over-
13 sight Board pursuant to paragraph (2) should be de-
14 signed to make the government contracting process
15 more effective, to increase the public’s faith in this
16 process, to make appropriate use of the Oversight
17 Board’s time and resources, to make the territorial
18 government a facilitator and not a competitor to pri-
19 vate enterprise, and to avoid creating any additional
20 bureaucratic obstacles to efficient contracting.

21 (4) AUTHORITY TO REVIEW CERTAIN RULES,
22 REGULATIONS, AND EXECUTIVE ORDERS.—The pro-
23 visions of this paragraph shall apply with respect to
24 a rule, regulation, or executive order proposed to be
25 issued by the Governor (or the head of any depart-

1 ment or agency of the territorial government) in the
2 same manner as such provisions apply to a contract.

3 (5) FAILURE TO COMPLY.—If a contract, rule,
4 regulation, or executive order fails to comply with
5 policies established by the Oversight Board under
6 this subsection, the Oversight Board may take such
7 actions as it considers necessary to ensure that such
8 contract, rule, executive order or regulation will not
9 adversely affect the territorial government’s compli-
10 ance with the Fiscal Plan, including by preventing
11 the execution or enforcement of the contract, rule,
12 executive order or regulation.

13 (c) RESTRICTIONS ON BUDGETARY ADJUSTMENTS.—

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

23 (2) NO ACTION PERMITTED UNTIL ANALYSIS
24 RECEIVED.—The Legislature shall not adopt a re-
25 programming, and no officer or employee of the ter-

1 ritorial government may carry out any reprogram-
2 ming, until the Oversight Board has provided the
3 Legislature with an analysis that certifies such re-
4 programming will not be inconsistent with the Fiscal
5 Plan and Budget.

6 (3) PROHIBITION ON ACTION UNTIL OVERSIGHT
7 BOARD IS APPOINTED.—During the period after a
8 territory becomes a covered territory and prior to
9 the appointment of all members and the Chair of the
10 Oversight Board, such covered territory shall not
11 enact new laws that either permit the transfer of
12 any funds or assets outside the ordinary course of
13 business or that are inconsistent with the constitu-
14 tion or laws of the territory as of the date of enact-
15 ment of this Act, provided that any executive or leg-
16 islative action authorizing the movement of funds or
17 assets during this time period may be subject to re-
18 view and reversal by the Oversight Board upon ap-
19 pointment of the Oversight Board’s full membership.

20 (d) IMPLEMENTATION OF FEDERAL PROGRAMS.—In
21 taking actions under this Act, the Oversight Board shall
22 not exercise applicable authorities to impede territorial ac-
23 tions taken to—

24 (1) comply with a court-issued consent decree
25 or injunction, or an administrative order or settle-

1 ment with a Federal agency, with respect to Federal
2 programs;

3 (2) implement a federally authorized or feder-
4 ally delegated program; or

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

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

10 (a) **IN GENERAL.**—The Oversight Board may at any
11 time submit recommendations to the Governor or the Leg-
12 islature on actions the territorial government may take to
13 ensure compliance with the Fiscal Plan, or to otherwise
14 promote the financial stability, economic growth, manage-
15 ment responsibility, and service delivery efficiency of the
16 territorial government, including recommendations relat-
17 ing to—

18 (1) the management of the territorial govern-
19 ment’s financial affairs, including economic fore-
20 casting and multiyear fiscal forecasting capabilities,
21 information technology, placing controls on expendi-
22 tures for personnel, reducing benefit costs, reforming
23 procurement practices, and placing other controls on
24 expenditures;

1 (2) the structural relationship of departments,
2 agencies, and independent agencies within the terri-
3 torial government;

4 (3) the modification of existing revenue struc-
5 tures, or the establishment of additional revenue
6 structures;

7 (4) the establishment of alternatives for meet-
8 ing obligations to pay for the pensions of territorial
9 government employees;

10 (5) modifications or transfers of the types of
11 services that are the responsibility of, and are deliv-
12 ered by the territorial government;

13 (6) modifications of the types of services that
14 are delivered by entities other than the territorial
15 government under alternative service delivery mecha-
16 nisms;

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

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

23 (9) the improvement of personnel training and
24 proficiency, the adjustment of staffing levels, and

1 the improvement of training and performance of
2 management and supervisory personnel; and

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

5 (b) RESPONSE TO RECOMMENDATIONS BY THE TER-
6 RITORIAL GOVERNMENT.—

7 (1) IN GENERAL.—In the case of any rec-
8 ommendations submitted under subsection (a) that
9 are within the authority of the territorial govern-
10 ment to adopt, not later than 90 days after receiving
11 the recommendations, the Governor or the Legisla-
12 ture (whichever has the authority to adopt the rec-
13 ommendation) shall submit a statement to the Over-
14 sight Board that provides notice as to whether the
15 territorial government will adopt the recommenda-
16 tions.

17 (2) IMPLEMENTATION PLAN REQUIRED FOR
18 ADOPTED RECOMMENDATIONS.—If the Governor or
19 the Legislature (whichever is applicable) notifies the
20 Oversight Board under paragraph (1) that the terri-
21 torial government will adopt any of the recommenda-
22 tions submitted under subsection (a), the Governor
23 or the Legislature (whichever is applicable) shall in-
24 clude in the statement a written plan to implement
25 the recommendation that includes—

1 (A) specific performance measures to de-
2 termine the extent to which the territorial gov-
3 ernment has adopted the recommendation; and

4 (B) a clear and specific timetable pursuant
5 to which the territorial government will imple-
6 ment the recommendation.

7 (3) EXPLANATIONS REQUIRED FOR REC-
8 OMMENDATIONS NOT ADOPTED.—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 not adopt any recommenda-
12 tion submitted under subsection (a) that the terri-
13 torial government has authority to adopt, the Gov-
14 ernor or the Legislature shall include in the state-
15 ment explanations for the rejection of the rec-
16 ommendations, and the Governor or the Legislature
17 shall submit such statement of explanations to the
18 President and Congress.

19 **SEC. 206. OVERSIGHT BOARD DUTIES RELATED TO RE-**
20 **STRUCTURING.**

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

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

3 (2) the entity has—

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

6 (B) made public draft financial statements
7 and other information sufficient for any inter-
8 ested person to make an informed decision with
9 respect to a possible restructuring;

10 (3) the entity is either a covered territory that
11 has adopted a Fiscal Plan certified by the Oversight
12 Board, a covered territorial instrumentality that is
13 subject to a Territory Fiscal Plan certified by the
14 Oversight Board, or a covered territorial instrumen-
15 tality that has adopted an Instrumentality Fiscal
16 Plan certified by the Oversight Board; and

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

20 (B) if an order approving a Qualifying Modi-
21 fication has been entered with respect to such entity,
22 the entity is unable to make its debt payments not-
23 withstanding the approved Qualifying Modification,
24 in which case, all claims affected by the Qualifying
25 Modification shall be subject to a title III case.

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

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

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

14 **SEC. 208. REQUIRED REPORTS.**

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

19 (1) the progress made by the territorial govern-
20 ment in meeting the objectives of this Act during the
21 fiscal year;

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

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

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

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

12 (b) REPORT ON DISCRETIONARY TAX ABATEMENT
13 AGREEMENTS.—Within six months of the establishment
14 of the Oversight Board, the Governor shall submit a report
15 to the Oversight Board documenting all existing discre-
16 tionary tax abatement or similar tax relief agreements to
17 which the territorial government, or any territorial instru-
18 mentality, is a party, provided that—

19 (1) nothing in this Act shall be interpreted to
20 limit the power of the territorial government or any
21 territorial instrumentality to execute or modify dis-
22 cretionary tax abatement or similar tax relief agree-
23 ments, or to enforce compliance with the terms and
24 conditions of any discretionary tax abatement or
25 similar tax relief agreement, to which the territorial

1 government or any territorial instrumentality is a
2 party; and

3 (2) the members and staff of the Oversight
4 Board shall not disclose the contents of the report
5 described in this subsection, and shall otherwise
6 comply with all applicable territorial and Federal
7 laws and regulations regarding the handling of con-
8 fidential taxpayer information.

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

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

19 An Oversight Board shall terminate upon certifi-
20 cation by the Oversight Board that—

21 (1) the applicable territorial government has
22 adequate access to short-term and long-term credit
23 markets at reasonable interest rates to meet the bor-
24 rowing needs of the territorial government; and

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

1 (A) the territorial government has devel-
2 oped its Budgets in accordance with modified
3 accrual accounting standards; and

4 (B) the expenditures made by the terri-
5 torial government during each fiscal year did
6 not exceed the revenues of the territorial gov-
7 ernment during that year, as determined in ac-
8 cordance with modified accrual accounting
9 standards.

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

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

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

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

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

2 (a) DETERMINATION.—If the Oversight Board deter-
3 mines, in its sole discretion, that a pension system of the
4 territorial government is materially underfunded, the
5 Oversight Board shall conduct an analysis prepared by an
6 independent actuary of such pension system to assist the
7 Oversight Board in evaluating the fiscal and economic im-
8 pact of the pension cash flows.

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

11 (1) an actuarial study of the pension liabilities
12 and funding strategy that includes a forward looking
13 projection of payments of at least 30 years of benefit
14 payments and funding strategy to cover such pay-
15 ments;

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

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

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

23 (c) SUPPLEMENTARY INFORMATION.—In any case,
24 the analysis conducted under subsection (a) shall include
25 information regarding the fair market value and liabilities

1 using an appropriate discount rate as determined by the
2 Oversight Board.

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

4 (a) INTERVENTION.—The Oversight Board may in-
5 tervene in any litigation filed against the territorial gov-
6 ernment.

7 (b) INJUNCTIVE RELIEF.—

8 (1) IN GENERAL.—If the Oversight Board in-
9 tervenes in a litigation under subsection (a), the
10 Oversight Board may seek injunctive relief, including
11 a stay of litigation.

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

16 **TITLE III—ADJUSTMENTS OF**
17 **DEBTS**

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

19 (a) SECTIONS APPLICABLE TO CASES UNDER THIS
20 TITLE.—Sections 101 (except as otherwise provided in
21 this section), 102, 104, 105, 106, 107, 108, 112, 333,
22 344, 347(b), 349, 350(b), 351, 361, 362, 364(c), 364(d),
23 364(e), 364(f), 365, 366, 501, 502, 503, 504, 506,
24 507(a)(2), 509, 510, 524(a)(1), 524(a)(2), 544, 545, 546,
25 547, 548, 549(a), 549(c), 549(d), 550, 551, 552, 553,

1 555, 556, 557, 559, 560, 561, 562, 902 (except as other-
2 wise provided in this section), 922, 923, 924, 925, 926,
3 927, 928, 942, 944, 945, 946, 1102, 1103, 1109, 1111(b),
4 1122, 1123(a)(1), 1123(a)(2), 1123(a)(3), 1123(a)(4),
5 1123(a)(5), 1123(b), 1123(d), 1124, 1125, 1126(a),
6 1126(b), 1126(c), 1126(e), 1126(f), 1126(g), 1127(d),
7 1128, 1129(a)(2), 1129(a)(3), 1129(a)(6), 1129(a)(8),
8 1129(a)(10), 1129(b)(1), 1129(b)(2)(A), 1129(b)(2)(B),
9 1142(b), 1143, 1144, 1145, and 1146(a) of title 11,
10 United States Code, apply in a case under this title and
11 section 930 of title 11, United States Code, applies in a
12 case under this title; however, section 930 shall not apply
13 in any case during the first 120 days after the date on
14 which such case is commenced under this title.

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

20 (c) DEFINITIONS.—In this title:

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

24 (A) for a territory, any territorial instru-
25 mentality; and

1 (B) for a territorial instrumentality, the
2 governing territory and any of the other terri-
3 torial instrumentalities of the territory.

4 (2) DEBTOR.—The term “debtor” means the
5 territory or covered territorial instrumentality con-
6 cerning which a case under this title has been com-
7 menced.

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

13 (A) shall exclude any Issuer or Authorized
14 Instrumentality of the Territory Government
15 Issuer (as defined under Title VI of this Act)
16 or a corporation, trust or other legal entity that
17 is controlled by the Issuer or an Authorized
18 Territorial Instrumentality of the Territory
19 Government Issuer, provided that the bene-
20 ficiaries of such claims, to the extent they are
21 not referenced in this subparagraph, shall not
22 be excluded; and

23 (B) with reference to Insured Bonds, shall
24 mean the monoline insurer insuring such In-
25 sured Bond to the extent such insurer is grant-

1 ed the right to vote Insured Bonds for purposes
2 of directing remedies or consenting to proposed
3 amendments or modifications as provided in the
4 applicable documents pursuant to which such
5 Insured Bond was issued and insured.

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

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

15 (6) STATE.—The term “State” when used in a
16 section of title 11, United States Code, made appli-
17 cable in a case under this title by subsection (a)
18 means State or territory when used in reference to
19 the relationship of a State to the municipality of the
20 State or the territorial instrumentality of a territory,
21 as applicable.

22 (7) TRUSTEE.—The term “trustee”, when used
23 in a section of title 11, United States Code, made
24 applicable in a case under this title by subsection

1 (a), means the Oversight Board, except as provided
2 in section 926 of title 11, United States Code.

3 (d) REFERENCE TO TITLE.—Solely for purposes of
4 this title, a reference to “this title”, “this chapter”, or
5 words of similar import in a section of title 11, United
6 States Code, made applicable in a case under this title
7 by subsection (a) or to “this title”, “title 11”, “Chapter
8 9”, “the Code”, or words of similar import in the Federal
9 Rules of Bankruptcy Procedure made applicable in a case
10 under this title shall be deemed to be a reference to this
11 title.

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

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

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

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

25 (1) the entity is—

1 (A) a territory that has requested the es-
2 tablishment of an Oversight Board or has had
3 an Oversight Board established for it by the
4 United States Congress in accordance with sec-
5 tion 101 of this Act; or

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

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

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

13 **SEC. 303. RESERVATION OF TERRITORIAL POWER TO CON-**
14 **TROL TERRITORY AND TERRITORIAL INSTRU-**
15 **MENTALITIES.**

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

24 (1) a territory law prescribing a method of com-
25 position of indebtedness or a moratorium law, but

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

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

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

15 **SEC. 304. PETITION AND PROCEEDINGS RELATING TO PETI-**
16 **TION.**

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

21 (b) OBJECTION TO PETITION.—After any objection
22 to the petition, the court, after notice and a hearing, may
23 dismiss the petition if the petition does not meet the re-
24 quirements of this title; however, this subsection shall not

1 apply in any case during the first 120 days after the date
2 on which such case is commenced under this title.

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

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

10 (e) VALIDITY OF DEBT.—The reversal on appeal of
11 a finding of jurisdiction shall not affect the validity of any
12 debt incurred that is authorized by the court under section
13 364(c) or 364(d) of title 11, United States Code.

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

21 (g) JOINT ADMINISTRATION OF AFFILIATED
22 CASES.—If the Oversight Board, on behalf of a debtor and
23 one or more affiliates, has filed separate cases and the
24 Oversight Board, on behalf of the debtor or one of the

1 affiliates, files a motion to administer the cases jointly,
2 the court may order a joint administration of the cases.

3 (h) PUBLIC SAFETY.—This Act may not be construed
4 to permit the discharge of obligations arising under Fed-
5 eral police or regulatory laws, including laws relating to
6 the environment, public health or safety, or territorial laws
7 implementing such Federal legal provisions. This includes
8 compliance obligations, requirements under consent de-
9 crees or judicial orders, and obligations to pay associated
10 administrative, civil, or other penalties.

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

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

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

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

3 (2) any of the property or revenues of the debt-
4 or; or

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

7 **SEC. 306. JURISDICTION.**

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

10 (1) except as provided in paragraph (2), origi-
11 nal and exclusive jurisdiction of all cases under this
12 title; and

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

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

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

1 (d) REMOVAL, REMAND, AND TRANSFER.—

2 (1) REMOVAL.—A party may remove any claim
3 or cause of action in a civil action, other than a pro-
4 ceeding before the United States Tax Court or a
5 civil action by a governmental unit to enforce the po-
6 lice or regulatory power of the governmental unit, to
7 the district court for the district in which the civil
8 action is pending, if the district court has jurisdic-
9 tion of the claim or cause of action under this sec-
10 tion.

11 (2) REMAND.—The district court to which the
12 claim or cause of action is removed under paragraph
13 (1) may remand the claim or cause of action on any
14 equitable ground. An order entered under this sub-
15 section remanding a claim or cause of action, or a
16 decision not to remand, is not reviewable by appeal
17 or otherwise by the court of appeals under section
18 158(d), 1291 or 1292 of title 28, United States
19 Code, or by the Supreme Court of the United States
20 under section 1254 of title 28, United States Code.

21 (3) TRANSFER.—A district court shall transfer
22 any civil proceeding arising under this title, or aris-
23 ing in or related to a case under this title, to the dis-
24 trict court in which the case under this title is pend-
25 ing.

1 (e) APPEAL.—

2 (1) An appeal shall be taken in the same man-
3 ner as appeals in civil proceedings generally are
4 taken to the courts of appeals from the district
5 court.

6 (2) The court of appeals for the circuit in which
7 a case under this title has venue pursuant to section
8 307 of this title shall have jurisdiction of appeals
9 from all final decisions, judgments, orders and de-
10 crees entered under this title by the district court.

11 (3) The court of appeals for the circuit in which
12 a case under this title has venue pursuant to section
13 307 of this title shall have jurisdiction to hear ap-
14 peals of interlocutory orders or decrees if—

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

18 (i) the order or decree involves a ques-
19 tion of law as to which there is no control-
20 ling decision of the court of appeals for the
21 circuit or of the Supreme Court of the
22 United States, or involves a matter of pub-
23 lic importance;

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

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

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

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

15 (5) The parties may supplement the certifi-
16 cation with a short statement of the basis for the
17 certification issued by the district court under para-
18 graph (3)(A).

19 (6) Except as provided in section 304(d), an
20 appeal of an interlocutory order or decree does not
21 stay any proceeding of the district court from which
22 the appeal is taken unless the district court, or the
23 court of appeals in which the appeal is pending,
24 issues a stay of such proceedings pending the ap-
25 peal.

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

5 (f) REALLOCATION OF COURT STAFF.—Notwith-
6 standing any law to the contrary, the clerk of the court
7 in which a case is pending shall reallocate as many staff
8 and assistants as the clerk deems necessary to ensure that
9 the court has adequate resources to provide for proper
10 case management.

11 **SEC. 307. VENUE.**

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

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

17 (2) with respect to a covered territorial instru-
18 mentality, the district court for the territory in
19 which the covered territorial instrumentality is lo-
20 cated or, for any territory that does not have a dis-
21 trict court, the United States District Court for the
22 District of Hawaii.

23 (b) ALTERNATIVE VENUE.—If the Oversight Board
24 so determines in its sole discretion, then venue shall be
25 proper in the district court for the jurisdiction in which

1 the Oversight Board maintains an office that is located
2 outside the territory.

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

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

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

14 **SEC. 309. ABSTENTION.**

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

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

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

23 **SEC. 311. LEASES.**

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

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

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

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

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

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

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

22 **SEC. 314. CONFIRMATION.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 the court shall confirm the plan notwithstanding the re-
19 quirements of such sections 1129(a)(8) and 1129(a)(10)
20 of title 11, United States Code if the plan is fair and equi-
21 table with respect to such impaired class.

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (1) the time spent on such services;

13 (2) the rates charged for such services;

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

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

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

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

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

7 (1) unnecessary duplication of services; or

8 (2) services that were not—

9 (A) reasonably likely to benefit the debtor;

10 or

11 (B) necessary to the administration of the

12 case.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (a) SPECIAL RULE.—The regulations proposed by the
19 Secretary of Labor relating to exemptions regarding the
20 rates of pay for executive, administrative, professional,
21 outside sales, and computer employees, and published in
22 a notice in the Federal Register on July 6, 2015, and any
23 final regulations issued related to such notice, shall have
24 no force or effect in the Commonwealth of Puerto Rico
25 until—

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

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

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

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

20 (1) the Bureau of the Census should conduct a
21 study to determine the feasibility of expanding data
22 collection to include Puerto Rico and the other
23 United States territories in the Current Population
24 Survey, which is jointly administered by the Bureau
25 of the Census and the Bureau of Labor Statistics,

1 and which is the primary source of labor force sta-
2 tistics for the population of the United States; and

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

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

8 (a) DEFINITIONS.—In this section:

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

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

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

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

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

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

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

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

1 Government of Puerto Rico that arose before the en-
2 actment of this Act;

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

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

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

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

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

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

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

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

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

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

21 (1) the later of—

22 (A) the later of—

23 (i) February 15, 2017; or

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

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

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

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

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

4 (e) JURISDICTION, RELIEF FROM STAY.—

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

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

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

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

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

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

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

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

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

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

14 (j) NO DEFAULT UNDER EXISTING CONTRACTS.—

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

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

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

5 (B) with respect to Liability Claims—

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

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

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

14 (A) setoff;

15 (B) apply or appropriate funds;

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

19 (D) seek to raise rates; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 180 days after the date of enactment of this subsection,
2 the Comptroller General of the United States shall submit
3 to the Committee on Small Business of the House of Rep-
4 resentatives and the Committee on Small Business and
5 Entrepreneurship of the Senate a report on the application
6 and utilization of contracting activities of the Administra-
7 tion (including contracting activities relating to HUBZone
8 small business concerns) in Puerto Rico. The report shall
9 also identify any provisions of Federal law that may create
10 an obstacle to the efficient implementation of such con-
11 tracting activities.”.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (1) information the Task Force has collected;

22 and

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

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

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

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

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

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

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

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

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

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

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

19 **SEC. 410. REPORT.**

20 The Comptroller General shall submit a report to the
21 Committee on Natural Resources of the House of Rep-
22 resentatives and the Committee on Energy and Natural
23 Resources of the Senate describing—

24 (1) the conditions which led to the level of debt
25 per capita and based upon overall economic activity;

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

4 (3) recommendations on non-fiscal actions, nor
5 policies that would imperil America's homeland and
6 national security, that could be taken by Congress or
7 the Administration to avert future indebtedness of
8 territories, States or local units of government while
9 respecting sovereignty and constitutional param-
10 eters.

11 **TITLE V—PUERTO RICO INFRA-**
12 **STRUCTURE REVITALIZATION**

13 **SEC. 501. DEFINITIONS.**

14 In this title:

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

18 (2) CRITICAL PROJECT.—The term “Critical
19 Project” means a project identified under the provi-
20 sions of this title and intimately related to address-
21 ing an emergency whose approval, consideration,
22 permitting, and implementation shall be expedited
23 and streamlined according to the statutory process
24 provided by Act 76, or otherwise adopted pursuant
25 to this title.

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

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

8 (5) EMERGENCY.—The term “emergency”
9 means any event or grave problem of deterioration
10 in the physical infrastructure for the rendering of
11 essential services to the people, or that endangers
12 the life, public health, or safety of the population or
13 of a sensitive ecosystem, or as otherwise defined by
14 section 1 of Act 76 (3 L.P.R.A. 1931). This shall in-
15 clude problems in the physical infrastructure for en-
16 ergy, water, sewer, solid waste, highways or roads,
17 ports, telecommunications, and other similar infra-
18 structure.

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

1 (7) EXPEDITED PERMITTING PROCESS.—The
2 term “Expedited Permitting Process” means a Puer-
3 to Rico Agency’s alternate procedures, conditions,
4 and terms mirroring those established under Act 76
5 (3 L.P.R.A. 1932) and pursuant to this title shall
6 not apply to any Federal law, statute, or require-
7 ment.

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

10 (9) INTERAGENCY ENVIRONMENTAL SUB-
11 COMMITTEE.—The term “Interagency Environ-
12 mental Subcommittee” means the Interagency Sub-
13 committee on Expedited Environmental Regulations
14 as further described by section 504.

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

17 (11) PLANNING BOARD.—The term “Planning
18 Board” means the Puerto Rico Planning Board, a
19 board within the executive branch of the Govern-
20 ment of Puerto Rico established by Puerto Rico Act
21 75–1975 (23 L.P.R.A. 62 et seq.).

22 (12) PROJECT SPONSOR.—The term “Project
23 Sponsor” means a Puerto Rico Agency or private
24 party proposing the development of an existing, on-

1 going, or new infrastructure project or Energy
2 Project.

3 (13) PUERTO RICO AGENCY OR AGENCIES.—

4 The terms “Puerto Rico Agency” or “Puerto Rico
5 Agencies” means any board, body, board of exam-
6 iners, public corporation, commission, independent
7 office, division, administration, bureau, department,
8 authority, official, person, entity, municipality, or
9 any instrumentality of Puerto Rico, or an adminis-
10 trative body authorized by law to perform duties of
11 regulating, investigating, or that may issue a deci-
12 sion, or with the power to issue licenses, certificates,
13 permits, concessions, accreditations, privileges, fran-
14 chises, except the Senate and the House of Rep-
15 resentatives of the Legislature and the judicial
16 branch.

17 (14) PUERTO RICO ELECTRIC POWER AUTHOR-
18 ITY.—The term “Puerto Rico Electric Power Au-
19 thority” means the Puerto Rico Electric Power Au-
20 thority established by Puerto Rico Act 83–1941.

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

22 (a) ESTABLISHMENT.—There is established, under
23 the Oversight Board, the position of the Revitalization Co-
24 ordinator.

25 (b) APPOINTMENT.—

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

3 (A) Prior to the appointment of the Revi-
4 talization Coordinator and within 60 days of
5 the appointment of the full membership of the
6 Oversight Board, the Oversight Board shall
7 submit to the Governor no less than three
8 nominees for appointment.

9 (B) In consultation with the Oversight
10 Board, not later than 10 days after receiving
11 the nominations under subparagraph (A), the
12 Governor shall appoint one of the nominees as
13 the Revitalization Coordinator. Such appoint-
14 ment shall be effective immediately.

15 (C) If the Governor fails to select a Revi-
16 talization Coordinator, the Oversight Board
17 shall, by majority vote, appoint a Revitalization
18 Coordinator from the list of nominees provided
19 under paragraph (A).

20 (2) QUALIFICATIONS.—In selecting nominees
21 under paragraph (1)(A), the Oversight Board shall
22 only nominate persons who—

23 (A) have substantial knowledge and exper-
24 tise in the planning, predevelopment, financing,
25 development, operations, engineering, or market

1 participation of infrastructure projects, pro-
2 vided that stronger consideration may be given
3 to candidates who have experience with Energy
4 Projects and the laws and regulations of Puerto
5 Rico that may be subject to an Expedited Per-
6 mitting Process;

7 (B) does not currently provide, or in the
8 preceding 3 calendar years provided, goods or
9 services to the government of Puerto Rico (and,
10 as applicable, is not the spouse, parent, child,
11 or sibling of a person who provides or has pro-
12 vided goods and services to the government of
13 Puerto Rico in the preceding 3 calendar years);
14 and

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

18 (3) COMPENSATION.—The Revitalization Coor-
19 dinator shall be compensated at an annual rate de-
20 termined by the Oversight Board sufficient in the
21 judgment of the Oversight Board to obtain the serv-
22 ices of a person with the skills and experience re-
23 quired to discharge the duties of the position, but
24 such compensation shall not exceed the annual sal-
25 ary of the Executive Director.

1 (c) ASSIGNMENT OF PERSONNEL.—The Executive
2 Director of the Oversight Board may assign Oversight
3 Board personnel to assist the Revitalization Coordinator.

4 (d) REMOVAL.—

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

8 (2) TERMINATION OF POSITION.—Upon the ter-
9 mination of the Oversight Board pursuant to section
10 209 of this Act, the position of the Revitalization
11 Coordinator shall terminate.

12 **SEC. 503. CRITICAL PROJECTS.**

13 (a) IDENTIFICATION OF PROJECTS.—

14 (1) PROJECT SUBMISSION.—Any Project Spon-
15 sor may submit, so long as the Oversight Board is
16 in operation, any existing, ongoing, or proposed
17 project to the Revitalization Coordinator. The Revi-
18 talization Coordinator shall require such submission
19 to include—

20 (A) the impact the project will have on an
21 emergency;

22 (B) the availability of immediate private
23 capital or other funds, including loan guaran-
24 tees, loans, or grants to implement, operate, or
25 maintain the project;

1 (C) the cost of the project and amount of
2 Puerto Rico government funds, if any, nec-
3 essary to complete and maintain the project;

4 (D) the environmental and economic bene-
5 fits provided by the project, including the num-
6 ber of jobs to be created that will be held by
7 residents of Puerto Rico and the expected eco-
8 nomic impact, including the impact on rate-
9 payers, if applicable;

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

12 (F) in addition to the requirements found
13 in subparagraphs (A) through (E), the Revital-
14 ization Coordinator may require such submis-
15 sion to include any or all of the following cri-
16 teria that assess how the project will—

17 (i) reduce reliance on oil for electric
18 generation in Puerto Rico;

19 (ii) improve performance of energy in-
20 frastructure and overall energy efficiency;

21 (iii) expedite the diversification and
22 conversion of fuel sources for electric gen-
23 eration from oil to natural gas and renew-
24 ables in Puerto Rico as defined under ap-
25 plicable Puerto Rico laws;

1 (iv) promote the development and uti-
2 lization of energy sources found on Puerto
3 Rico;

4 (v) contribute to transitioning to
5 privatized generation capacities in Puerto
6 Rico;

7 (vi) support the Energy Commission
8 of Puerto Rico in achievement of its goal
9 of reducing energy costs and ensuring af-
10 fordable energy rates for consumers and
11 business; or

12 (vii) achieve in whole or in part the
13 recommendations, if feasible, of the study
14 in section 505(d) of this title to the extent
15 such study is completed and not incon-
16 sistent with studies or plans otherwise re-
17 quired under Puerto Rico laws.

18 (2) IDENTIFICATION OF RELEVANT PUERTO
19 RICO AGENCIES.—Within 20 days of receiving a
20 project submission under paragraph (1), the Revital-
21 ization Coordinator shall, in consultation with the
22 Governor, identify all Puerto Rico Agencies that will
23 have a role in the permitting, approval, authorizing,
24 or other activity related to the development of such
25 project submission.

1 (3) EXPEDITED PERMITTING PROCESS.—

2 (A) SUBMISSION OF EXPEDITED PERMIT-
3 TING PROCESS.—Not later than 20 days after
4 receiving a project submission, each Puerto
5 Rico Agency identified in paragraph (1) shall
6 submit to the Revitalization Coordinator the
7 Agency's Expedited Permitting Process.

8 (B) FAILURE TO PROVIDE EXPEDITED
9 PERMITTING PROCESS.—If a Puerto Rico Agen-
10 cy fails to provide an Expedited Permitting
11 Process within 20 days of receiving a project
12 submission, the Revitalization Coordinator shall
13 consult with the Governor to develop within 20
14 days an Expedited Permitting Process for the
15 Agency.

16 (C) IMPLEMENTATION AND
17 PRIORITIZATION.—The Revitalization Coordi-
18 nator shall require Puerto Rico Agencies to im-
19 plement the Expedited Permitting Process for
20 Critical Projects. Critical Projects shall be
21 prioritized to the maximum extent possible in
22 each Puerto Rico Agency regardless of any
23 agreements transferring or delegating permit-
24 ting authority to any other Territorial Instru-
25 mentality or municipality.

1 (b) CRITICAL PROJECT REPORT.—

2 (1) IN GENERAL.—For each submitted project,
3 the Revitalization Coordinator in consultation with
4 the Governor and relevant Puerto Rico Agencies
5 identified in subsection (a)(2) shall develop a Crit-
6 ical Project Report within 60 days of the project
7 submission, which shall include:

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

10 (B) A recommendation by the Governor
11 whether the project should be considered a Crit-
12 ical Project. If the Governor fails to provide a
13 recommendation during the development of the
14 Critical Project Report, the failure shall con-
15 stitute a concurrence with the Revitalization
16 Coordinator’s recommendation in subparagraph
17 (E).

18 (C) In the case of a project that may affect
19 the implementation of Land-Use Plans, as de-
20 fined by Puerto Rico Act 550–2004, a deter-
21 mination by the Planning Board will be re-
22 quired within the 60-day timeframe. If the
23 Planning Board determines such project will be
24 inconsistent with relevant Land-Use Plans, then

1 the project will be deemed ineligible for Critical
2 Project designation.

3 (D) In the case of an Energy Project that
4 will connect with the Puerto Rico Electric
5 Power Authority's transmission or distribution
6 facilities, a recommendation by the Energy
7 Commission of Puerto Rico, if the Energy Com-
8 mission determines such Energy Project will af-
9 fect an approved Integrated Resource Plan, as
10 defined under Puerto Rico Act 54–2014. If the
11 Energy Commission determines the Energy
12 Project will adversely affect an approved Inte-
13 grated Resource Plan, then the Energy Com-
14 mission shall provide the reasons for such de-
15 termination and the Energy Project shall be in-
16 eligible for Critical Project designation, pro-
17 vided that such determination must be made
18 during the 60-day timeframe for the develop-
19 ment of the Critical Project Report.

20 (E) A recommendation by the Revitaliza-
21 tion Coordinator whether the project should be
22 considered a Critical Project.

23 (2) PUBLIC INVOLVEMENT.—Immediately fol-
24 lowing the completion of the Critical Project Report,
25 the Revitalization Coordinator shall make such Crit-

1 ical Project Report public and allow a period of 30
2 days for the submission of comments by residents of
3 Puerto Rico specifically on matters relating to the
4 designation of a project as a Critical Project. The
5 Revitalization Coordinator shall respond to the com-
6 ments within 30 days of closing the coming period
7 and make the responses publicly available.

8 (3) SUBMISSION TO OVERSIGHT BOARD.—Not
9 later than 5 days after the Revitalization Coordi-
10 nator has responded to the comments under para-
11 graph (2), the Revitalization Coordinator shall sub-
12 mit the Critical Project Report to the Oversight
13 Board.

14 (c) ACTION BY THE OVERSIGHT BOARD.—Not later
15 than 30 days after receiving the Critical Project Report,
16 the Oversight Board, by majority vote, shall approve or
17 disapprove the project as a Critical Project, if the Over-
18 sight Board—

19 (1) approves the project, the project shall be
20 deemed a Critical Project; and

21 (2) disapproves the project, the Oversight
22 Board shall submit to the Revitalization Coordinator
23 in writing the reasons for disapproval.

1 **SEC. 504. MISCELLANEOUS PROVISIONS.**

2 (a) CREATION OF INTERAGENCY ENVIRONMENTAL
3 SUBCOMMITTEE.—

4 (1) ESTABLISHMENT.—Not later than 60 days
5 after the date on which the Revitalization Coordi-
6 nator is appointed, the Interagency Environmental
7 Subcommittee shall be established and shall evaluate
8 environmental documents required under Puerto
9 Rico law for any Critical Project within the Expe-
10 dited Permitting Process established by the Revital-
11 ization Coordinator under section 503(a)(3).

12 (2) COMPOSITION.—The Interagency Environ-
13 mental Subcommittee shall consist of the Revitaliza-
14 tion Coordinator, and a representative selected by
15 the Governor in consultation with the Revitalization
16 Coordinator representing each of the following agen-
17 cies: The Environmental Quality Board, the Plan-
18 ning Board, the Puerto Rico Department of Natural
19 and Environmental Resources, and any other Puerto
20 Rico Agency determined to be relevant by the Revi-
21 talization Coordinator.

22 (b) LENGTH OF EXPEDITED PERMITTING PROC-
23 ESS.—With respect to a Puerto Rico Agency's activities
24 related only to a Critical Project, such Puerto Rico Agency
25 shall operate as if the Governor has declared an emergency
26 pursuant to section 2 of Act 76 (3 L.P.R.A. 1932). Sec-

1 tion 12 of Act 76 (3 L.P.R.A. 1942) shall not be applica-
2 ble to Critical Projects. Furthermore, any transactions,
3 processes, projects, works, or programs essential to the
4 completion of a Critical Project shall continue to be proc-
5 essed and completed under such Expedited Permitting
6 Process regardless of the termination of the Oversight
7 Board under section 209.

8 (c) EXPEDITED PERMITTING PROCESS COMPLI-
9 ANCE.—

10 (1) WRITTEN NOTICE.—A Critical Project
11 Sponsor may in writing notify the Oversight Board
12 of the failure of a Puerto Rico Agency or the Revi-
13 talization Coordinator to adhere to the Expedited
14 Permitting Process.

15 (2) FINDING OF FAILURE.—If the Oversight
16 Board finds either the Puerto Rico Agency or Revi-
17 talization Coordinator has failed to adhere to the
18 Expedited Permitting Process, the Oversight Board
19 shall direct the offending party to comply with the
20 Expedited Permitting Process. The Oversight Board
21 may take such enforcement action as necessary as
22 provided by section 104(l).

23 (d) REVIEW OF LEGISLATURE ACTS.—

24 (1) SUBMISSION OF ACTS TO OVERSIGHT
25 BOARD.—Pursuant to section 204(a), the Governor

1 shall submit to the Oversight Board any law duly
2 enacted during any fiscal year in which the Over-
3 sight Board is in operation that may affect the Ex-
4 pedited Permitting Process.

5 (2) FINDING OF OVERSIGHT BOARD.—Upon re-
6 ceipt of a law under paragraph (1), the Oversight
7 Board shall promptly review whether the law would
8 adversely impact the Expedited Permitting Process
9 and, upon such a finding, the Oversight Board may
10 deem such law to be significantly inconsistent with
11 the applicable Fiscal Plan.

12 (e) ESTABLISHMENT OF CERTAIN TERMS AND CON-
13 DITIONS.—No Puerto Rico Agency may include in any cer-
14 tificate, right-of-way, permit, lease, or other authorization
15 issued for a Critical Project any term or condition that
16 may be permitted, but is not required, by any applicable
17 Puerto Rico law, if the Revitalization Coordinator deter-
18 mines the term or condition would prevent or impair the
19 expeditious construction, operation, or expansion of the
20 Critical Project. The Revitalization Coordinator may re-
21 quest a Puerto Rico Agency to include in any certificate,
22 right-of-way, permit, lease, or other authorization, a term
23 or condition that may be permitted in accordance with ap-
24 plicable laws if the Revitalization Coordinator determines

1 such inclusion would support the expeditious construction,
2 operation, or expansion of any Critical Project.

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

7 **SEC. 505. FEDERAL AGENCY REQUIREMENTS.**

8 (a) FEDERAL POINTS OF CONTACT.—At the request
9 of the Revitalization Coordinator and within 30 days of
10 receiving such a request, each Federal agency with juris-
11 diction over the permitting, or administrative or environ-
12 mental review of private or public projects in Puerto Rico,
13 shall name a Point of Contact who will serve as that agen-
14 cy's liaison with the Revitalization Coordinator.

15 (b) FEDERAL GRANTS AND LOANS.—For each Crit-
16 ical Project with a pending or potential Federal grant,
17 loan, or loan guarantee application, the Revitalization Co-
18 ordinator and the relevant Point of Contact shall cooper-
19 ate with each other to ensure expeditious review of such
20 application.

21 (c) EXPEDITED REVIEWS AND ACTIONS OF FEDERAL
22 AGENCIES.—All reviews conducted and actions taken by
23 any Federal agency relating to a Critical Project shall be
24 expedited in a manner consistent with completion of the
25 necessary reviews and approvals by the deadlines under

1 the Expedited Permitting Process, but in no way shall the
2 deadlines established through the Expedited Permitting
3 Process be binding on any Federal agency.

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

7 (1) in subsection (a)(5), by inserting “, except
8 that, with respect to Puerto Rico, the term means,
9 the Secretary of Energy” after “Secretary of the In-
10 terior”; and

11 (2) in subsection (b)—

12 (A) by inserting “(except in the case of
13 Puerto Rico, in which case not later than 270
14 days after the date of enactment of the Puerto
15 Rico Oversight, Management, and Economic
16 Stability Act)” after “of this Act”; and

17 (B) by inserting “(except in the case of
18 Puerto Rico)” after “Empowering Insular Com-
19 munities activity”.

20 **SEC. 506. JUDICIAL REVIEW.**

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

1 (b) EXPEDITED CONSIDERATION.—The District
2 Court for the District of Puerto Rico shall set any action
3 brought under this title for expedited consideration, taking
4 into account the interest of enhancing Puerto Rico’s infra-
5 structure for electricity, water and sewer services, roads
6 and bridges, ports, and solid waste management to achieve
7 compliance with local and Federal environmental laws,
8 regulations, and policies while ensuring the continuity of
9 adequate services to the people of Puerto Rico and Puerto
10 Rico’s sustainable economic development.

11 **SEC. 507. SAVINGS CLAUSE.**

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

14 **TITLE VI—CREDITOR**
15 **COLLECTIVE ACTION**

16 **SEC. 601. CREDITOR COLLECTIVE ACTION.**

17 (a) DEFINITIONS.—In this title:

18 (1) ADMINISTRATIVE SUPERVISOR.—The term
19 “Administrative Supervisor” means the Oversight
20 Board established under section 101.

21 (2) AUTHORIZED TERRITORIAL INSTRUMENTALITY.—The term “Authorized Territorial Instru-
22 mentality” means a covered territorial instrumen-
23 mentality authorized in accordance with subsection (e).
24

1 (3) CALCULATION AGENT.—The term “Calcula-
2 tion Agent” means a calculation agent appointed in
3 accordance with subsection (k).

4 (4) CAPITAL APPRECIATION BOND.—The term
5 “Capital Appreciation Bond” means a Bond that
6 does not pay interest on a current basis, but for
7 which interest amounts are added to principal over
8 time as specified in the relevant offering materials
9 for such Bond, including that the accreted interest
10 amount added to principal increases daily.

11 (5) CONVERTIBLE CAPITAL APPRECIATION
12 BOND.—The term “Convertible Capital Appreciation
13 Bond” means a Bond that does not pay interest on
14 a current basis, but for which interest amounts are
15 added to principal over time as specified in the rel-
16 evant offering materials and which converts to a cur-
17 rent pay bond on a future date.

18 (6) INFORMATION AGENT.—The term “Infor-
19 mation Agent” means an information agent ap-
20 pointed in accordance with subsection (l).

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

1 (8) ISSUER.—The term “Issuer” means, as ap-
2 plicable, the Territory Government Issuer or an Au-
3 thorized Territorial Instrumentality that has issued
4 or guaranteed at least one Bond that is Out-
5 standing.

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

11 (10) OUTSTANDING.—The term “Outstanding,”
12 in the context of the principal amount of Bonds,
13 shall be determined in accordance with subsection
14 (b).

15 (11) OUTSTANDING PRINCIPAL.—The term
16 “Outstanding Principal” means—

17 (A) for a Bond that is not a Capital Ap-
18 preciation Bond or a Convertible Capital Appre-
19 ciation Bond, the outstanding principal amount
20 of such Bond; and

21 (B) for a Bond that is a Capital Apprecia-
22 tion Bond or a Convertible Capital Appreciation
23 Bond, the current accreted value of such Cap-
24 ital Appreciation Bond or a Convertible Capital
25 Appreciation Bond, as applicable.

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

3 (13) QUALIFYING MODIFICATION.—The term
4 “Qualifying Modification” means a Modification pro-
5 posed in accordance with subsection (g).

6 (14) SECURED POOL.—The term “Secured
7 Pool” means a Pool established in accordance with
8 subsection (d) consisting only of Bonds that are se-
9 cured by a lien on property, provided that the inclu-
10 sion of a Bond Claim in such Pool shall not in any
11 way limit or prejudice the right of the Issuer, the
12 Administrative Supervisor, or any creditor to re-
13 characterize or challenge such Bond Claim, or any
14 purported lien securing such Bond Claim, in any
15 other manner in any subsequent proceeding in the
16 event a proposed Qualifying Modification is not con-
17 summated.

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

23 (b) OUTSTANDING BONDS.—In determining whether
24 holders of the requisite principal amount of Outstanding
25 Bonds have voted in favor of, or consented to, a proposed

1 Qualifying Modification, a Bond will be deemed not to be
2 outstanding, and may not be counted in a vote or consent
3 solicitation for or against a proposed Qualifying Modifica-
4 tion, if on the record date for the proposed Qualifying
5 Modification—

6 (1) the Bond has previously been cancelled or
7 delivered for cancellation or is held for reissuance
8 but has not been reissued;

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

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

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

23 For purposes of this subsection, a corporation, trust or
24 other legal entity is controlled by the Issuer or by an Au-
25 thorized Territorial Instrumentality of the Territory Gov-

1 ernment Issuer if the Issuer or an Authorized Territorial
2 Instrumentality of the Territory Government Issuer, as
3 applicable, has the power, directly or indirectly, through
4 the ownership of voting securities or other ownership in-
5 terests, by contract or otherwise, to direct the manage-
6 ment of or elect or appoint a majority of the board of di-
7 rectors or other persons performing similar functions in
8 lieu of, or in addition to, the board of directors of that
9 legal entity.

10 (c) CERTIFICATION OF DISENFRANCHISED BONDS.—

11 Prior to any vote on, or consent solicitation for, a Quali-
12 fying Modification, the Issuer shall deliver to the Calcula-
13 tion Agent a certificate signed by an authorized represent-
14 ative of the Issuer specifying any Bonds that are deemed
15 not to be Outstanding for the purpose of subsection (b)
16 above.

17 (d) DETERMINATION OF POOLS FOR VOTING.—The

18 Administrative Supervisor, in consultation with the Issuer,
19 shall establish Pools in accordance with the following:

20 (1) Not less than one Pool shall be established
21 for each Issuer.

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

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

3 (A) For each Issuer that has issued mul-
4 tiple Bonds that are distinguished by specific
5 provisions governing priority or security ar-
6 rangements, including Bonds that have been
7 issued as general obligations of the Territory
8 Government Issuer to which the Territory Gov-
9 ernment Issuer pledged the full or good faith,
10 credit, and taxing power of the Territory Gov-
11 ernment Issuer, separate Pools shall be estab-
12 lished corresponding to the relative priority or
13 security arrangements of each holder of Bonds
14 against each Issuer, as applicable, provided,
15 however, that the term “priority” as used in
16 this section shall not be understood to mean
17 differing payment or maturity dates.

18 (B) For each Issuer that has issued senior
19 and subordinated Bonds, separate Pools shall
20 be established for the senior and subordinated
21 Bonds corresponding to the relative priority or
22 security arrangements.

23 (C) For each Issuer that has issued mul-
24 tiple Bonds, for at least some of which a guar-
25 antee of repayment has been provided by the

1 Territory Government Issuer, separate Pools
2 shall be established for such guaranteed and
3 non-guaranteed Bonds.

4 (D) Subject to the other requirements con-
5 tained in this section, for each Issuer that has
6 issued multiple Bonds, for at least some of
7 which a dedicated revenue stream has been
8 pledged for repayment, separate Pools for such
9 Issuer shall be established as follows—

10 (i) for each dedicated revenue stream
11 that has been pledged for repayment, not
12 less than one Secured Pool for Bonds for
13 which such revenue stream has been
14 pledged, and separate Secured Pools shall
15 be established for Bonds of different pri-
16 ority; and

17 (ii) not less than one Pool for all
18 other Bonds issued by the Issuer for which
19 a dedicated revenue stream has not been
20 pledged for repayment.

21 (E) The Administrative Supervisor shall
22 not place into separate Pools Bonds of the same
23 Issuer that have identical rights in security or
24 priority.

1 (4) Notwithstanding the preceding provisions of
2 this subsection, a preexisting voluntary agreement
3 may classify Insured Bonds and uninsured bonds in
4 different Pools and provide different treatment
5 thereof so long as the preexisting voluntary agree-
6 ment has been agreed to by—

7 (A) holders of a majority in amount of all
8 uninsured bonds outstanding in the modified
9 Pool; and

10 (B) holders (including insurers with power
11 to vote) of a majority in amount of all Insured
12 Bonds.

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

18 (f) INFORMATION DELIVERY REQUIREMENT.—Be-
19 fore solicitation of acceptance or rejection of a Modifica-
20 tion under subsection (h), the Issuer shall provide to the
21 Calculation Agent, the Information Agent, and the Admin-
22 istrative Supervisor, the following information—

23 (1) a description of the Issuer's economic and
24 financial circumstances which are, in the Issuer's
25 opinion, relevant to the request for the proposed

1 Qualifying Modification, a description of the Issuer's
2 existing debts, a description of the impact of the
3 proposed Qualifying Modification on the territory's
4 or its territorial instrumentalities' public debt;

5 (2) if the Issuer is seeking Modifications affect-
6 ing any other Pools of Bonds of the Territory Gov-
7 ernment Issuer or its Authorized Territorial Instru-
8 mentalities, a description of such other Modifica-
9 tions;

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

13 (4) such other information as may be required
14 under applicable securities laws.

15 (g) QUALIFYING MODIFICATION.—A Modification is
16 a Qualifying Modification if—

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

20 (2) each exchanging, repurchasing, converting,
21 or substituting holder of Bonds of any series in a
22 Pool affected by that Modification is offered the
23 same amount of consideration per amount of prin-
24 cipal, the same amount of consideration per amount
25 of interest accrued but unpaid and the same amount

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

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

22 (4) notwithstanding paragraphs (1) through
23 (3), the Administrative Supervisor has issued a cer-
24 tification that—

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

3 (B) the Modification is consistent with a
4 restructuring support or similar agreement to
5 be implemented pursuant to the law of the cov-
6 ered territory executed by the Issuer prior to
7 the establishment of an Oversight Board for the
8 relevant territory.

9 (h) SOLICITATION.—

10 (1) Upon receipt of a certification from the Ad-
11 ministrative Supervisor under subsection (g), the In-
12 formation Agent shall, if practical and except as pro-
13 vided in paragraph (2), submit to the holders of any
14 Outstanding Bonds of the relevant Issuer, including
15 holders of the right to vote such Outstanding Bonds,
16 the information submitted by the relevant Issuer
17 under subsection (f)(1) in order to solicit the vote of
18 such holders to approve or reject the Qualifying
19 Modification.

20 (2) If the Information Agent is unable to iden-
21 tify the address of holders of any Outstanding
22 Bonds of the relevant Issuer, the Information Agent
23 may solicit the vote or consent of such holders by—

24 (A) delivering the solicitation to the paying
25 agent for any such Issuer or Depository Trust

1 Corporation if it serves as the clearing system
2 for any of the Issuer's Outstanding Bonds; or
3 (B) delivering or publishing the solicitation
4 by whatever additional means the Information
5 Agent, after consultation with the Issuer, deems
6 necessary and appropriate in order to make a
7 reasonable effort to inform holders of any Out-
8 standing Bonds of the Issuer which may in-
9 clude, notice by mail, publication in electronic
10 media, publication on a website of the Issuer, or
11 publication in newspapers of national circula-
12 tion in the United States and in a newspaper
13 of general circulation in the territory.

14 (i) WHO MAY PROPOSE A MODIFICATION.—For each
15 Issuer, a Modification may be proposed to the Administra-
16 tive Supervisor by the Issuer or by one or more holders
17 of the right to vote the Issuer's Outstanding Bonds. To
18 the extent a Modification proposed by one or more holders
19 of the right to vote Outstanding Bonds otherwise complies
20 with the requirements of this title, the Administrative Su-
21 pervisor may accept such Modification on behalf of the
22 Issuer, in which case the Administrative Supervisor will
23 instruct the Issuer to provide the information required in
24 subsection (f).

1 (j) VOTING.—For each Issuer, any Qualifying Modi-
2 fication may be made with the affirmative vote of the hold-
3 ers of the right to vote at least two-thirds of the Out-
4 standing Principal amount of the Outstanding Bonds in
5 each Pool that have voted to approve or reject the Quali-
6 fying Modification, provided that holders of the right to
7 vote not less than a majority of the aggregate Outstanding
8 Principal amount of all the Outstanding Bonds in each
9 Pool have voted to approve the Qualifying Modification.
10 The holder of the right to vote the Outstanding Bonds
11 that are Insured Bonds shall be the monoline insurer in-
12 suring such Insured Bond to the extent such insurer is
13 granted the right to vote Insured Bonds for purposes of
14 directing remedies or consenting to proposed amendments
15 or modifications as provided in the applicable documents
16 pursuant to which such Insured Bond was issued and in-
17 sured.

18 (k) CALCULATION AGENT.—For the purpose of cal-
19 culating the principal amount of the Bonds of any series
20 eligible to participate in such a vote or consent solicitation
21 and tabulating such votes or consents, the Territory Gov-
22 ernment Issuer may appoint a Calculation Agent for each
23 Pool reasonably acceptable to the Administrative Super-
24 visor.

1 (l) INFORMATION AGENT.—For the purpose of ad-
2 ministering a vote of holders of Bonds, including the hold-
3 ers of the right to vote such Bonds, or seeking the consent
4 of holder of Bonds, including the holders of the right to
5 vote such Bonds, to a written action under this section,
6 the Territory Government Issuer may appoint an Informa-
7 tion Agent for each Pool reasonably acceptable to the Ad-
8 ministrative Supervisor.

9 (m) BINDING EFFECT.—

10 (1) A Qualifying Modification will be conclusive
11 and binding on all holders of Bonds whether or not
12 they have given such consent, and on all future hold-
13 ers of those Bonds whether or not notation of such
14 Qualifying Modification is made upon the Bonds,
15 if—

16 (A) the holders of the right to vote the
17 Outstanding Bonds in every Pool of the Issuer
18 pursuant to subsection (j) have consented to or
19 approved the Qualifying Modification;

20 (B) the Administrative Supervisor certifies
21 that—

22 (i) the voting requirements of this sec-
23 tion have been satisfied;

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

4 (iii) except for such conditions that
5 have been identified in the Qualifying
6 Modification as being non-waivable, any
7 conditions on the effectiveness of the
8 Qualifying Modification have been satisfied
9 or, in the Administrative Supervisor's sole
10 discretion, satisfaction of such conditions
11 has been waived;

12 (C) with respect to a Bond Claim that is
13 secured by a lien on property and with respect
14 to which the holder of such Bond Claim has re-
15 jected or not consented to the Qualifying Modi-
16 fication, the holder of such Bond—

17 (i) retains the lien securing such Bond
18 Claims; or

19 (ii) receives on account of such Bond
20 Claim, through deferred cash payments,
21 substitute collateral, or otherwise, at least
22 the equivalent value of the lesser of the
23 amount of the Bond Claim or of the collat-
24 eral securing such Bond Claim; and

1 (D) the district court for the territory or,
2 for any territory that does not have a district
3 court, the United States District Court for the
4 District of Hawaii, has, after reviewing an ap-
5 plication submitted to it by the applicable
6 Issuer for an order approving the Qualifying
7 Modification, entered an order that the require-
8 ments of this section have been satisfied.

9 (2) Upon the entry of an order under para-
10 graph (1)(D), the conclusive and binding Qualifying
11 Modification shall be valid and binding on any per-
12 son or entity asserting claims or other rights, includ-
13 ing a beneficial interest (directly or indirectly, as
14 principal, agent, counterpart, subrogee, insurer or
15 otherwise) in respect of Bonds subject to the Quali-
16 fying Modification, any trustee, any collateral agent,
17 any indenture trustee, any fiscal agent, and any
18 bank that receives or holds funds related to such
19 Bonds. All property of an Issuer for which an order
20 has been entered under paragraph (1)(D) shall vest
21 in the Issuer free and clear of all claims in respect
22 of any Bonds of any other Issuer. Such Qualifying
23 Modification will be full, final, complete, binding,
24 and conclusive as to the territorial government
25 Issuer, other territorial instrumentalities of the terri-

1 torial government Issuer, and any creditors of such
2 entities, and should not be subject to any collateral
3 attack or other challenge by any such entities in any
4 court or other forum. Other than as provided herein,
5 the foregoing shall not prejudice the rights and
6 claims of any party that insured the Bonds, includ-
7 ing the right to assert claims under the Bonds as
8 modified following any payment under the insurance
9 policy, and no claim or right that may be asserted
10 by any party in a capacity other than holder of a
11 Bond affected by the Qualifying Modification shall
12 be satisfied, released, discharged, or enjoined by this
13 provision.

14 (n) JUDICIAL REVIEW.—

15 (1) The district court for the territory or, for
16 any territory that does not have a district court, the
17 United States District Court for the District of Ha-
18 waii shall have original and exclusive jurisdiction
19 over civil actions arising under this section.

20 (2) Notwithstanding section 106(e), there shall
21 be a cause of action to challenge unlawful applica-
22 tion of this section.

23 (3) The district court shall nullify a Modifica-
24 tion and any effects on the rights of the holders of
25 Bonds resulting from such Modification if and only

1 if the district court determines that such Modifica-
2 tion is manifestly inconsistent with this section.

3 **SEC. 602. APPLICABLE LAW.**

4 In any judicial proceeding regarding this title, Fed-
5 eral, State, or territorial laws of the United States, as ap-
6 plicable, shall govern and be applied without regard or ref-
7 erence to any law of any international or foreign jurisdic-
8 tion.

9 **TITLE VII—SENSE OF CONGRESS**
10 **REGARDING PERMANENT,**
11 **PRO-GROWTH FISCAL RE-**
12 **FORMS**

13 **SEC. 701. SENSE OF CONGRESS REGARDING PERMANENT,**
14 **PRO-GROWTH FISCAL REFORMS.**

15 It is the sense of the Congress that any durable solu-
16 tion for Puerto Rico's fiscal and economic crisis should
17 include permanent, pro-growth fiscal reforms that feature,
18 among other elements, a free flow of capital between pos-
19 sessions of the United States and the rest of the United
20 States.

