

In the House of Representatives, U. S.,

June 9, 2016.

Resolved, That the bill from the Senate (S. 2328) entitled “An Act to reauthorize and amend the National Sea Grant College Program Act, and for other purposes.”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

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 this*
6 *Act is as follows:*

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

TITLE I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT BOARD

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

TITLE II—RESPONSIBILITIES OF OVERSIGHT BOARD

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

TITLE III—ADJUSTMENTS OF DEBTS

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

TITLE IV—MISCELLANEOUS PROVISIONS

- Sec. 401. Rules of construction.*
Sec. 402. Right of Puerto Rico to determine its future political status.
Sec. 403. First minimum wage in Puerto Rico.
Sec. 404. Application of regulation to Puerto Rico.
Sec. 405. Automatic stay upon enactment.
Sec. 406. Purchases by territory governments.
Sec. 407. Protection from inter-debtor transfers.
Sec. 408. GAO report on Small Business Administration programs in Puerto Rico.
Sec. 409. Congressional Task Force on Economic Growth in Puerto Rico.
Sec. 410. Report.
Sec. 411. Report on territorial debt.
Sec. 412. Expansion of HUBZones in Puerto Rico.
Sec. 413. Determination on debt.

TITLE V—PUERTO RICO INFRASTRUCTURE REVITALIZATION

- Sec. 501. Definitions.*

Sec. 502. Position of Revitalization Coordinator.

Sec. 503. Critical projects.

Sec. 504. Miscellaneous provisions.

Sec. 505. Federal agency requirements.

Sec. 506. Judicial review.

Sec. 507. Savings clause.

TITLE VI—CREDITOR COLLECTIVE ACTION

Sec. 601. Creditor Collective action.

Sec. 602. Applicable law.

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

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

1 SEC. 2. EFFECTIVE DATE.

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

5 (b) *TITLE III AND TITLE VI.*—

6 (1) *Title III shall apply with respect to cases*
 7 *commenced under title III on or after the date of the*
 8 *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 in*
 11 *section 101 of title 11, United States Code) created*
 12 *before, on, or after such date.*

13 SEC. 3. SEVERABILITY.

14 (a) *IN GENERAL.*—*Except as provided in subsection*
 15 *(b), if any provision of this Act or the application thereof*
 16 *to any person or circumstance is held invalid, the remain-*
 17 *der of this Act, or the application of that provision to per-*
 18 *sons or circumstances other than those as to which it is*

1 *held invalid, is not affected thereby, provided that title III*
 2 *is not severable from titles I and II, and titles I and II*
 3 *are not severable from title III.*

4 (b) *UNIFORMITY.—If a court holds invalid any provi-*
 5 *sion of this Act or the application thereof on the ground*
 6 *that the provision fails to treat similarly situated territories*
 7 *uniformly, then the court shall, in granting a remedy, order*
 8 *that the provision of this Act or the application thereof be*
 9 *extended to any other similarly situated territory, provided*
 10 *that the legislature of that territory adopts a resolution*
 11 *signed by the territory’s governor requesting the establish-*
 12 *ment and organization of a Financial Oversight and Man-*
 13 *agement Board pursuant to section 101.*

14 **SEC. 4. SUPREMACY.**

15 *The provisions of this Act shall prevail over any gen-*
 16 *eral or specific provisions of territory law, State law, or*
 17 *regulation that is inconsistent with this Act.*

18 **SEC. 5. DEFINITIONS.**

19 *In this Act—*

20 (1) *AGREED ACCOUNTING STANDARDS.—The*
 21 *term “agreed accounting standards” means modified*
 22 *accrual accounting standards or, for any period dur-*
 23 *ing which the Oversight Board determines in its sole*
 24 *discretion that a territorial government is not reason-*
 25 *ably capable of comprehensive reporting that complies*

1 *with modified accrual accounting standards, such*
2 *other accounting standards as proposed by the Over-*
3 *sight Board.*

4 (2) *BOND.*—*The term “Bond” means a bond,*
5 *loan, letter of credit, other borrowing title, obligation*
6 *of insurance, or other financial indebtedness for bor-*
7 *rowed money, including rights, entitlements, or obli-*
8 *gations whether such rights, entitlements, or obli-*
9 *gations arise from contract, statute, or any other source*
10 *of law, in any case, related to such a bond, loan, let-*
11 *ter of credit, other borrowing title, obligation of insur-*
12 *ance, or other financial indebtedness in physical or*
13 *dematerialized form of which the issuer, obligor, or*
14 *guarantor is the territorial government.*

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

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

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

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

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

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

8 (6) *COMPLIANT BUDGET.*—*The term “compliant*
 9 *budget” means a budget that is prepared in accord-*
 10 *ance with—*

11 (A) *agreed accounting standards; and*

12 (B) *the applicable Fiscal Plan.*

13 (7) *COVERED TERRITORIAL INSTRUMENTALITY.*—
 14 *The term “covered territorial instrumentality” means*
 15 *a territorial instrumentality designated by the Over-*
 16 *sight Board pursuant to section 101 to be subject to*
 17 *the requirements of this Act.*

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

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

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

4 (11) *GOVERNMENT OF PUERTO RICO*.—The term
5 “*Government of Puerto Rico*” means the *Common-*
6 *wealth of Puerto Rico*, including all its territorial in-
7 *strumentalities*.

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

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

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

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

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

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

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

17 (19) *TERRITORIAL INSTRUMENTALITY.*—

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

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

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

6 (A) *Puerto Rico*;

7 (B) *Guam*;

8 (C) *American Samoa*;

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

11 (E) *the United States Virgin Islands*.

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

16 (22) *TERRITORY FISCAL PLAN.*—The term “Ter-
17 ritory Fiscal Plan” means a fiscal plan for a terri-
18 torial government submitted, approved, and certified
19 in accordance with section 201.

20 **SEC. 6. PLACEMENT.**

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

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

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

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

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

10 **SEC. 101. FINANCIAL OVERSIGHT AND MANAGEMENT**
 11 **BOARD.**

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

15 (b) *ESTABLISHMENT.*—

16 (1) *PUERTO RICO.*—*A Financial Oversight and*
 17 *Management Board is hereby established for Puerto*
 18 *Rico.*

19 (2) *CONSTITUTIONAL BASIS.*—*The Congress en-*
 20 *acts this Act pursuant to article IV, section 3 of the*
 21 *Constitution of the United States, which provides*
 22 *Congress the power to dispose of and make all needful*
 23 *rules and regulations for territories.*

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

1 (1) *shall be created as an entity within the terri-*
2 *torial government for which it is established in ac-*
3 *cordance with this title; and*

4 (2) *shall not be considered to be a department,*
5 *agency, establishment, or instrumentality of the Fed-*
6 *eral Government.*

7 (d) *OVERSIGHT OF TERRITORIAL INSTRUMENTAL-*
8 *ITIES.—*

9 (1) *DESIGNATION.—*

10 (A) *IN GENERAL.—An Oversight Board, in*
11 *its sole discretion at such time as the Oversight*
12 *Board determines to be appropriate, may des-*
13 *ignate any territorial instrumentality as a cov-*
14 *ered territorial instrumentality that is subject to*
15 *the requirements of this Act.*

16 (B) *BUDGETS AND REPORTS.—The Over-*
17 *sight Board may require, in its sole discretion,*
18 *the Governor to submit to the Oversight Board*
19 *such budgets and monthly or quarterly reports*
20 *regarding a covered territorial instrumentality*
21 *as the Oversight Board determines to be nec-*
22 *essary and may designate any covered territorial*
23 *instrumentality to be included in the Territory*
24 *Budget; except that the Oversight Board may not*
25 *designate a covered territorial instrumentality to*

1 *be included in the Territory Budget if applicable*
2 *territory law does not require legislative ap-*
3 *proval of such covered territorial instrumental-*
4 *ity's budget.*

5 (C) *SEPARATE INSTRUMENTALITY BUDGETS*
6 *AND REPORTS.—The Oversight Board in its sole*
7 *discretion may or, if it requires a budget from*
8 *a covered territorial instrumentality whose budg-*
9 *et does not require legislative approval under ap-*
10 *licable territory law, shall designate a covered*
11 *territorial instrumentality to be the subject of an*
12 *Instrumentality Budget separate from the appli-*
13 *cable Territory Budget and require that the Gov-*
14 *ernor develop such an Instrumentality Budget.*

15 (D) *INCLUSION IN TERRITORY FISCAL*
16 *PLAN.—The Oversight Board may require, in its*
17 *sole discretion, the Governor to include a covered*
18 *territorial instrumentality in the applicable Ter-*
19 *ritory Fiscal Plan. Any covered territorial in-*
20 *strumentality submitting a separate Instrumen-*
21 *tality Fiscal Plan must also submit a separate*
22 *Instrumentality Budget.*

23 (E) *SEPARATE INSTRUMENTALITY FISCAL*
24 *PLANS.—The Oversight Board may designate, in*
25 *its sole discretion, a covered territorial instru-*

1 *mentality to be the subject of an Instrumentality*
2 *Fiscal Plan separate from the applicable Terri-*
3 *tory Fiscal Plan and require that the Governor*
4 *develop such an Instrumentality Fiscal Plan.*
5 *Any covered territorial instrumentality submit-*
6 *ting a separate Instrumentality Fiscal Plan*
7 *shall also submit a separate Instrumentality*
8 *Budget.*

9 (2) *EXCLUSION.—*

10 (A) *IN GENERAL.—An Oversight Board, in*
11 *its sole discretion, at such time as the Oversight*
12 *Board determines to be appropriate, may exclude*
13 *any territorial instrumentality from the require-*
14 *ments of this Act.*

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

19 (e) *MEMBERSHIP.—*

20 (1) *IN GENERAL.—*

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

1 (B) *The Board shall be comprised of one*
2 *Category A member, one Category B member,*
3 *two Category C members, one Category D mem-*
4 *ber, one Category E member, and one Category*
5 *F member.*

6 (2) *APPOINTED MEMBERS.—*

7 (A) *The President shall appoint the indi-*
8 *vidual members of the Oversight Board, of*
9 *which—*

10 (i) *the Category A member should be*
11 *selected from a list of individuals submitted*
12 *by the Speaker of the House of Representa-*
13 *tives;*

14 (ii) *the Category B member should be*
15 *selected from a separate, non-overlapping*
16 *list of individuals submitted by the Speaker*
17 *of the House of Representatives;*

18 (iii) *the Category C members should be*
19 *selected from a list submitted by the Major-*
20 *ity Leader of the Senate;*

21 (iv) *the Category D member should be*
22 *selected from a list submitted by the Minor-*
23 *ity Leader of the House of Representatives;*

1 (v) the Category E member should be
2 selected from a list submitted by the Minor-
3 ity Leader of the Senate; and

4 (vi) the Category F member may be se-
5 lected in the President's sole discretion.

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

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

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

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

22 (iv) the Minority Leader of the Senate
23 shall submit a list of at least three individ-
24 uals to the President.

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

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

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

16 (F) *In the event of a vacancy of a Category*
17 *A, B, C, D, or E Board seat, the corresponding*
18 *congressional leader referenced in subparagraph*
19 *(A) shall submit a list pursuant to this sub-*
20 *section within a timely manner of the Board*
21 *member's resignation or removal becoming effec-*
22 *tive.*

23 (G) *With respect to an Oversight Board for*
24 *Puerto Rico, in the event any of the 7 members*
25 *have not been appointed by September 1, 2016,*

1 *then the President shall appoint an individual*
2 *from the list for the current vacant category by*
3 *September 15, 2016, provided that such list in-*
4 *cludes at least 2 individuals per vacancy who*
5 *meet the requirements set forth in subsection (f)*
6 *and section 109, and are willing to serve.*

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

10 (4) *CHAIR.*—*The voting members of the Over-*
11 *sight Board shall designate one of the voting members*
12 *of the Oversight Board as the Chair of the Oversight*
13 *Board (referred to hereafter in this Act as the*
14 *“Chair”) within 30 days of the full appointment of*
15 *the Oversight Board.*

16 (5) *TERM OF SERVICE.*—

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

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

23 (C) *CONTINUATION OF SERVICE UNTIL SUC-*
24 *CESSOR APPOINTED.*—*Upon the expiration of a*
25 *term of office, a member of the Oversight Board*

1 *may continue to serve until a successor has been*
2 *appointed.*

3 (D) *REAPPOINTMENT.*—*An individual may*
4 *serve consecutive terms as an appointed member,*
5 *provided that such reappointment occurs in com-*
6 *pliance with paragraph (6).*

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

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

13 (1) *has knowledge and expertise in finance, mu-*
14 *nicipal bond markets, management, law, or the orga-*
15 *nization or operation of business or government; and*

16 (2) *prior to appointment, an individual is not*
17 *an officer, elected official, or employee of the terri-*
18 *torial government, a candidate for elected office of the*
19 *territorial government, or a former elected official of*
20 *the territorial government.*

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

1 *(h) ADOPTION OF BYLAWS FOR CONDUCTING BUSI-*
2 *NESS OF OVERSIGHT BOARD.—*

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

14 *(2) ACTIVITIES REQUIRING APPROVAL OF MAJOR-*
15 *ITY OF MEMBERS.—Under the bylaws adopted pursu-*
16 *ant to paragraph (1), the Oversight Board may con-*
17 *duct its operations under such procedures as it con-*
18 *siders appropriate, except that an affirmative vote of*
19 *a majority of the members of the Oversight Board's*
20 *full appointed membership shall be required in order*
21 *for the Oversight Board to approve a Fiscal Plan*
22 *under section 201, to approve a Budget under section*
23 *202, to cause a legislative act not to be enforced under*
24 *section 204, or to approve or disapprove an infra-*

1 *structure project as a Critical Project under section*
2 *503.*

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

10 (4) *EXECUTIVE SESSION.—Upon a majority vote*
11 *of the Oversight Board’s full voting membership, the*
12 *Oversight Board may conduct its business in an exec-*
13 *utive session that consists solely of the Oversight*
14 *Board’s voting members and any professionals the*
15 *Oversight Board determines necessary and is closed to*
16 *the public, but only for the business items set forth as*
17 *part of the vote to convene an executive session.*

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

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

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

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

8 (b) *STAFF.*—*With the approval of the Chair, the Exec-*
9 *utive Director may appoint and fix the pay of additional*
10 *personnel as the Executive Director considers appropriate,*
11 *except that no individual appointed by the Executive Direc-*
12 *tor may be paid at a rate greater than the rate of pay for*
13 *the Executive Director unless the Oversight Board provides*
14 *for otherwise. The staff shall include a Revitalization Coor-*
15 *dinator appointed pursuant to Title V of this Act. Any such*
16 *personnel may include private citizens, employees of the*
17 *Federal Government, or employees of the territorial govern-*
18 *ment, provided, however, that the Executive Director may*
19 *not fix the pay of employees of the Federal Government or*
20 *the territorial government.*

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

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

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

10 (e) *STAFF OF TERRITORIAL GOVERNMENT.*—Upon re-
11 *quest of the Chair, the head of any department or agency*
12 *of the covered territory may detail, on a reimbursable or*
13 *nonreimbursable basis, any of the personnel of that depart-*
14 *ment or agency to the Oversight Board to assist it in car-*
15 *rying out its duties under this Act.*

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

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

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

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

3 (c) *OBTAINING OFFICIAL DATA.*—

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

14 (2) *FROM TERRITORIAL GOVERNMENT.*—*Notwith-*
15 *standing any other provision of law, the Oversight*
16 *Board shall have the right to secure copies, whether*
17 *written or electronic, of such records, documents, in-*
18 *formation, data, or metadata from the territorial gov-*
19 *ernment necessary to enable the Oversight Board to*
20 *carry out its responsibilities under this Act. At the re-*
21 *quest of the Oversight Board, the Oversight Board*
22 *shall be granted direct access to such information sys-*
23 *tems, records, documents, information, or data as will*
24 *enable the Oversight Board to carry out its respon-*
25 *sibilities under this Act. The head of the entity of the*

1 territorial government responsible shall provide the
2 Oversight Board with such information and assist-
3 ance (including granting the Oversight Board direct
4 access to automated or other information systems) as
5 the Oversight Board requires under this paragraph.

6 (d) OBTAINING CREDITOR INFORMATION.—

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

14 (A) the name and address of the creditor or
15 of each member of an organized group of credi-
16 tors; and

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

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

24 (ii) the date the Oversight Board was
25 formed.

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

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

7 (B) *not composed entirely of affiliates or in-*
8 *siders of one another.*

9 (3) *The Oversight Board may request supple-*
10 *mental statements to be filed by each creditor or orga-*
11 *nized group of creditors quarterly, or if any fact in*
12 *the most recently filed statement has changed materi-*
13 *ally.*

14 (e) *GIFTS, BEQUESTS, AND DEVISES.—The Oversight*
15 *Board may accept, use, and dispose of gifts, bequests, or*
16 *devises of services or property, both real and personal, for*
17 *the purpose of aiding or facilitating the work of the Over-*
18 *sight Board. Gifts, bequests, or devises of money and pro-*
19 *ceeds from sales of other property received as gifts, bequests,*
20 *or devises shall be deposited in such account as the Over-*
21 *sight Board may establish and shall be available for dis-*
22 *bursement upon order of the Chair, consistent with the*
23 *Oversight Board's bylaws, or rules and procedures. All gifts,*
24 *bequests or devises and the identities of the donors shall be*

1 *publicly disclosed by the Oversight Board within 30 days*
2 *of receipt.*

3 (f) *SUBPOENA POWER.*—

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

16 (2) *FAILURE TO OBEY A SUBPOENA.*—*If a person*
17 *refuses to obey a subpoena issued under paragraph*
18 *(1), the Oversight Board may apply to the court of*
19 *first instance of the covered territory. Any failure to*
20 *obey the order of the court may be punished by the*
21 *court in accordance with civil contempt laws of the*
22 *covered territory.*

23 (3) *SERVICE OF SUBPOENAS.*—*The subpoena of*
24 *the Oversight Board shall be served in the manner*
25 *provided by the rules of procedure for the courts of the*

1 *covered territory, or in the case of Puerto Rico, the*
2 *Rules of Civil Procedure of Puerto Rico, for sub-*
3 *poenas issued by the court of first instance of the cov-*
4 *ered territory.*

5 *(g) AUTHORITY TO ENTER INTO CONTRACTS.—The*
6 *Executive Director may enter into such contracts as the Ex-*
7 *ecutive Director considers appropriate (subject to the ap-*
8 *proval of the Chair) consistent with the Oversight Board’s*
9 *bylaws, rules, and regulations to carry out the Oversight*
10 *Board’s responsibilities under this Act.*

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

20 *(i) VOLUNTARY AGREEMENT CERTIFICATION.—*

21 *(1) IN GENERAL.—The Oversight Board shall*
22 *issue a certification to a covered territory or covered*
23 *territorial instrumentality if the Oversight Board de-*
24 *termines, in its sole discretion, that such covered ter-*
25 *ritory or covered territorial instrumentality, as appli-*

1 *cable, has successfully reached a voluntary agreement*
2 *with holders of its Bond Claims to restructure such*
3 *Bond Claims—*

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

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

17 *(C) notwithstanding subparagraphs (A) and*
18 *(B), if an applicable Fiscal Plan has not yet*
19 *been certified and the voluntary agreement is*
20 *limited solely to an extension of applicable prin-*
21 *icipal maturities and interest on Bonds issued by*
22 *such covered territory or covered territorial in-*
23 *strumentality, as applicable, for a period of up*
24 *to one year during which time no interest will*

1 *be paid on the Bond Claims affected by the vol-*
2 *untary agreement.*

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

6 (A) *the Oversight Board delivering the cer-*
7 *tification described in paragraph (1); and*

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

21 (3) *PREEXISTING VOLUNTARY AGREEMENTS.*—
22 *Any voluntary agreement that the territorial govern-*
23 *ment or any territorial instrumentality has executed*
24 *before May 18, 2016, with holders of a majority in*
25 *amount of Bond Claims that are to be affected by*

1 *such agreement to restructure such Bond Claims shall*
 2 *be deemed to be in conformance with the requirements*
 3 *of this subsection.*

4 *(j) RESTRUCTURING FILINGS.—*

5 *(1) IN GENERAL.—Subject to paragraph (3), be-*
 6 *fore taking an action described in paragraph (2) on*
 7 *behalf of a debtor or potential debtor in a case under*
 8 *title III, the Oversight Board must certify the action.*

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

11 *(A) the filing of a petition; or*

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

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

19 *(k) CIVIL ACTIONS TO ENFORCE POWERS.—The Over-*
 20 *sight Board may seek judicial enforcement of its authority*
 21 *to carry out its responsibilities under this Act.*

22 *(l) PENALTIES.—*

23 *(1) ACTS PROHIBITED.—Any officer or employee*
 24 *of the territorial government who prepares, presents,*
 25 *or certifies any information or report for the Over-*

1 *sight Board or any of its agents that is intentionally*
2 *false or misleading, or, upon learning that any such*
3 *information is false or misleading, fails to imme-*
4 *diately advise the Oversight Board or its agents there-*
5 *of in writing, shall be subject to prosecution and pen-*
6 *alties under any laws of the territory prohibiting the*
7 *provision of false information to government officials,*
8 *which in the case of Puerto Rico shall include 33*
9 *L.P.R.A. 4889, as amended.*

10 (2) *ADMINISTRATIVE DISCIPLINE.—In addition*
11 *to any other applicable penalty, any officer or em-*
12 *ployee of the territorial government who knowingly*
13 *and willfully violates paragraph (1) or takes any*
14 *such action in violation of any valid order of the*
15 *Oversight Board or fails or refuses to take any action*
16 *required by any such order, shall be subject to appro-*
17 *priate administrative discipline, including (when ap-*
18 *propriate) suspension from duty without pay or re-*
19 *moval from office, by order of the Governor.*

20 (3) *REPORT BY GOVERNOR ON DISCIPLINARY AC-*
21 *TIONS TAKEN.—In the case of a violation of para-*
22 *graph (2) by an officer or employee of the territorial*
23 *government, the Governor shall immediately report to*
24 *the Oversight Board all pertinent facts together with*
25 *a statement of the action taken thereon.*

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

6 (n) *ADMINISTRATIVE SUPPORT SERVICES.*—*Upon the*
7 *request of the Oversight Board, the Administrator of Gen-*
8 *eral Services or other appropriate Federal agencies shall*
9 *promptly provide to the Oversight Board, on a reimbursable*
10 *or non-reimbursable basis, the administrative support serv-*
11 *ices necessary for the Oversight Board to carry out its re-*
12 *sponsibilities under this Act.*

13 (o) *INVESTIGATION OF DISCLOSURE AND SELLING*
14 *PRACTICES.*—*The Oversight Board may investigate the dis-*
15 *closure and selling practices in connection with the pur-*
16 *chase of bonds issued by a covered territory for or on behalf*
17 *of any retail investors including any underrepresentation*
18 *of risk for such investors and any relationships or conflicts*
19 *of interest maintained by such broker, dealer, or investment*
20 *adviser is as provided in applicable laws and regulations.*

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

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

2 *The Oversight Board, its members, and its employees*
3 *shall not be liable for any obligation of or claim against*
4 *the Oversight Board or its members or employees or the ter-*
5 *ritorial government resulting from actions taken to carry*
6 *out this Act.*

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

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

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

22 (c) *TIMING OF RELIEF.*—*Except with respect to any*
23 *orders entered to remedy constitutional violations, no order*
24 *of any court granting declaratory or injunctive relief*
25 *against the Oversight Board, including relief permitting or*
26 *requiring the obligation, borrowing, or expenditure of funds,*

1 shall take effect during the pendency of the action before
 2 such court, during the time appeal may be taken, or (if
 3 appeal is taken) during the period before the court has en-
 4 tered its final order disposing of such action.

5 (d) *EXPEDITED CONSIDERATION.*—It shall be the duty
 6 of the applicable United States District Court, the applica-
 7 ble United States Court of Appeals, and, as applicable, the
 8 Supreme Court of the United States to advance on the dock-
 9 et and to expedite to the greatest possible extent the disposi-
 10 tion of any matter brought under this Act.

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

15 **SEC. 107. BUDGET AND FUNDING FOR OPERATION OF OVER-**
 16 **SIGHT BOARD.**

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

23 (b) *FUNDING.*—The Oversight Board shall use its pow-
 24 ers with respect to the Territory Budget of the covered terri-

1 tory to ensure that sufficient funds are available to cover
2 all expenses of the Oversight Board.

3 (1) *PERMANENT FUNDING.*—Within 30 days
4 after the date of enactment of this Act, the territorial
5 government shall designate a dedicated funding
6 source, not subject to subsequent legislative appropri-
7 ations, sufficient to support the annual expenses of the
8 Oversight Board as determined in the Oversight
9 Board’s sole and exclusive discretion.

10 (2)(A) *INITIAL FUNDING.*—On the date of estab-
11 lishment of an Oversight Board in accordance with
12 section 101(b) and on the 5th day of each month
13 thereafter, the Governor of the covered territory shall
14 transfer or cause to be transferred the greater of
15 \$2,000,000 or such amount as shall be determined by
16 the Oversight Board pursuant to subsection (a) to a
17 new account established by the territorial government,
18 which shall be available to and subject to the exclusive
19 control of the Oversight Board, without any legisla-
20 tive appropriations of the territorial government.

21 (B) *TERMINATION.*—The initial funding require-
22 ments under subparagraph (A) shall terminate upon
23 the territorial government designating a dedicated
24 funding source not subject to subsequent legislative
25 appropriations under paragraph (1).

1 (3) *REMISSION OF EXCESS FUNDS.*—*If the Over-*
2 *sight Board determines in its sole discretion that any*
3 *funds transferred under this subsection exceed the*
4 *amounts required for the Oversight Board’s oper-*
5 *ations as established pursuant to subsection (a), any*
6 *such excess funds shall be periodically remitted to the*
7 *territorial government.*

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

9 (a) *IN GENERAL.*—*Neither the Governor nor the Legis-*
10 *lature may—*

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

14 (2) *enact, implement, or enforce any statute, res-*
15 *olution, policy, or rule that would impair or defeat*
16 *the purposes of this Act, as determined by the Over-*
17 *sight Board.*

18 (b) *OVERSIGHT BOARD LEGAL REPRESENTATION.*—*In*
19 *any action brought by, on behalf of, or against the Oversight*
20 *Board, the Oversight Board shall be represented by such*
21 *counsel as it may hire or retain so long as the representa-*
22 *tion complies with the applicable professional rules of con-*
23 *duct governing conflicts of interests.*

1 **SEC. 109. ETHICS.**

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

7 (b) *FINANCIAL DISCLOSURE.*—Notwithstanding any
 8 ethics provision governing employees of the covered terri-
 9 tory, all members of the Oversight Board and staff des-
 10 igned by the Oversight Board shall be subject to disclosure
 11 of their financial interests, the contents of which shall con-
 12 form to the same requirements set forth in section 102 of
 13 the Ethics in Government Act of 1978 (5 U.S.C. App.).

14 **TITLE II—RESPONSIBILITIES OF**
 15 **OVERSIGHT BOARD**

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

17 (a) *IN GENERAL.*—As soon as practicable after all of
 18 the members and the Chair have been appointed to the Over-
 19 sight Board in accordance with section 101(e) in the fiscal
 20 year in which the Oversight Board is established, and in
 21 each fiscal year thereafter during which the Oversight
 22 Board is in operation, the Oversight Board shall deliver a
 23 notice to the Governor providing a schedule for the process
 24 of development, submission, approval, and certification of
 25 Fiscal Plans. The notice may also set forth a schedule for
 26 revisions to any Fiscal Plan that has already been certified,

1 *which revisions must be subject to subsequent approval and*
2 *certification by the Oversight Board. The Oversight Board*
3 *shall consult with the Governor in establishing a schedule,*
4 *but the Oversight Board shall retain sole discretion to set*
5 *or, by delivery of a subsequent notice to the Governor,*
6 *change the dates of such schedule as it deems appropriate*
7 *and reasonably feasible.*

8 (b) *REQUIREMENTS.—*

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

14 (A) *provide for estimates of revenues and*
15 *expenditures in conformance with agreed ac-*
16 *counting standards and be based on—*

17 (i) *applicable laws; or*

18 (ii) *specific bills that require enact-*
19 *ment in order to reasonably achieve the pro-*
20 *jections of the Fiscal Plan;*

21 (B) *ensure the funding of essential public*
22 *services;*

23 (C) *provide adequate funding for public*
24 *pension systems;*

1 (D) provide for the elimination of structural
2 deficits;

3 (E) for fiscal years covered by a Fiscal Plan
4 in which a stay under titles III or IV is not ef-
5 fective, provide for a debt burden that is sustain-
6 able;

7 (F) improve fiscal governance, account-
8 ability, and internal controls;

9 (G) enable the achievement of fiscal targets;

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

12 (I) include a debt sustainability analysis;

13 (J) provide for capital expenditures and in-
14 vestments necessary to promote economic growth;

15 (K) adopt appropriate recommendations
16 submitted by the Oversight Board under section
17 205(a);

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

20 (M) ensure that assets, funds, or resources of
21 a territorial instrumentality are not loaned to,
22 transferred to, or otherwise used for the benefit of
23 a covered territory or another covered territorial
24 instrumentality of a covered territory, unless
25 permitted by the constitution of the territory, an

1 *approved plan of adjustment under title III, or*
2 *a Qualifying Modification approved under title*
3 *VI; and*

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

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

16 *(c) DEVELOPMENT, REVIEW, APPROVAL, AND CERTIFI-*
17 *CATION OF FISCAL PLANS.—*

18 *(1) TIMING REQUIREMENT.—The Governor may*
19 *not submit to the Legislature a Territory Budget*
20 *under section 202 for a fiscal year unless the Over-*
21 *sight Board has certified the Territory Fiscal Plan for*
22 *that fiscal year in accordance with this subsection,*
23 *unless the Oversight Board in its sole discretion*
24 *waives this requirement.*

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

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

12 (A) *satisfies such requirements, the Over-*
 13 *sight Board shall approve the proposed Fiscal*
 14 *Plan; or*

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

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

20 (ii) *an opportunity to correct the vio-*
 21 *lation in accordance with subsection (d)(1).*

22 (d) *REVISED FISCAL PLAN.*—

23 (1) *IN GENERAL.*—*If the Governor receives a no-*
 24 *tice of violation under subsection (c)(3), the Governor*
 25 *shall submit to the Oversight Board a revised pro-*

1 *posed Fiscal Plan in accordance with subsection (b)*
2 *by the time specified in the notice delivered under*
3 *subsection (a). The Governor may submit as many re-*
4 *vised Fiscal Plans to the Oversight Board as the*
5 *schedule established in the notice delivered under sub-*
6 *section (a) permits.*

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

16 (e) *APPROVAL AND CERTIFICATION.—*

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

22 (2) *DEEMED APPROVAL OF FISCAL PLAN DEVEL-*
23 *OPED BY OVERSIGHT BOARD.—If the Oversight Board*
24 *develops a Fiscal Plan under subsection (d)(2), such*
25 *Fiscal Plan shall be deemed approved by the Gov-*

1 *ernor, and the Oversight Board shall issue a compli-*
 2 *ance certification for such Fiscal Plan to the Gov-*
 3 *ernor and the Legislature.*

4 *(f) JOINT DEVELOPMENT OF FISCAL PLAN.—Notwith-*
 5 *standing any other provision of this section, if the Governor*
 6 *and the Oversight Board jointly develop a Fiscal Plan for*
 7 *the fiscal year that meets the requirements under this sec-*
 8 *tion, and that the Governor and the Oversight Board certify*
 9 *that the fiscal plan reflects a consensus between the Gov-*
 10 *ernor and the Oversight Board, then such Fiscal Plan shall*
 11 *serve as the Fiscal Plan for the territory or territorial in-*
 12 *strumentality for that fiscal year.*

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

14 *(a) REASONABLE SCHEDULE FOR DEVELOPMENT OF*
 15 *BUDGETS.—As soon as practicable after all of the members*
 16 *and the Chair have been appointed to the Oversight Board*
 17 *in the fiscal year in which the Oversight Board is estab-*
 18 *lished, and in each fiscal year thereafter during which the*
 19 *Oversight Board is in operation, the Oversight Board shall*
 20 *deliver a notice to the Governor and the Legislature pro-*
 21 *viding a schedule for developing, submitting, approving,*
 22 *and certifying Budgets for a period of fiscal years as deter-*
 23 *mined by the Oversight Board in its sole discretion but in*
 24 *any case a period of not less than one fiscal year following*
 25 *the fiscal year in which the notice is delivered. The notice*

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

10 **(b) REVENUE FORECAST.**—*The Oversight Board shall*
 11 *submit to the Governor and Legislature a forecast of reve-*
 12 *nues for the period covered by the Budgets by the time speci-*
 13 *fied in the notice delivered under subsection (a), for use by*
 14 *the Governor in developing the Budget under 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 Bud-
5 get, submit the Territory Budget to the Leg-
6 islature; 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 a
11 description of any necessary corrective ac-
12 tion; and

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

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

1 *the Governor, in the case of an Instrumentality Budget,*
2 *and to the Governor and the Legislature, in the*
3 *case of a Territory Budget, a revised compliant budget.*
4

5 *(d) BUDGET APPROVAL BY LEGISLATURE.—*

6 *(1) LEGISLATURE ADOPTED BUDGET.—The Leg-*
7 *islature shall submit to the Oversight Board the Ter-*
8 *ritory Budget adopted by the Legislature by the time*
9 *specified in the notice delivered under subsection (a).*
10 *The Oversight Board shall determine whether the*
11 *adopted Territory Budget is a compliant budget*
12 *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 a*
21 *description of any necessary corrective ac-*
22 *tion; and*

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

1 (2) *LEGISLATURE'S REVISIONS.*—*The Legislature*
2 *may correct any violations identified by the Oversight*
3 *Board and submit a revised Territory Budget to the*
4 *Oversight Board in accordance with the process estab-*
5 *lished under paragraph (1) and by the time specified*
6 *in the notice delivered under subsection (a). The Leg-*
7 *islature may submit as many revised adopted Terri-*
8 *tory Budgets to the Oversight Board as the schedule*
9 *established in the notice delivered under subsection*
10 *(a) permits. If the Legislature fails to adopt a Terri-*
11 *tory Budget that the Oversight Board determines is a*
12 *compliant budget by the time specified in the notice*
13 *delivered under subsection (a), the Oversight Board*
14 *shall develop a revised Territory Budget that is a*
15 *compliant budget and submit it to the Governor and*
16 *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 Territory*
23 *Budget is being developed and in accordance with the*
24 *process established under subsections (c) and (d), the*
25 *Oversight Board shall issue a compliance certification*

1 *to the Governor and the Legislature for such Territory*
2 *Budget.*

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

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

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

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

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

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

16 (A) deemed to be approved by the Governor;

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

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

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

1 *Budget, the Governor and the Oversight Board, jointly de-*
 2 *velop such Budget for the fiscal year that meets the require-*
 3 *ments under this section, and that the relevant parties cer-*
 4 *tify that such budget reflects a consensus among them, then*
 5 *such Budget shall serve as the Budget for the territory or*
 6 *territorial instrumentality for that fiscal year.*

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

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

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

20 (2) *any other information requested by the Over-*
 21 *sight Board, which may include a balance sheet or a*
 22 *requirement that the Governor provide information*
 23 *for each covered territorial instrumentality sepa-*
 24 *rately.*

25 (b) *INITIAL ACTION BY OVERSIGHT BOARD.*—

1 (1) *IN GENERAL.*—If the Oversight Board deter-
2 mines, based on reports submitted by the Governor
3 under subsection (a), independent audits, or such
4 other information as the Oversight Board may obtain,
5 that the actual quarterly revenues, expenditures, or
6 cash flows of the territorial government are not con-
7 sistent with the projected revenues, expenditures, or
8 cash flows set forth in the certified Budget for such
9 quarter, the Oversight Board shall—

10 (A) require the territorial government to
11 provide such additional information as the Over-
12 sight Board determines to be necessary to ex-
13 plain the inconsistency; and

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

20 (2) *DEADLINES.*—The Oversight Board shall es-
21 tablish the deadlines by which the territorial govern-
22 ment shall meet the requirements of subparagraphs
23 (A) and (B) of paragraph (1).

24 (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 inconsis-*
4 *ency under subsection (b)(1)(B), prior to the applica-*
5 *ble deadline under subsection (b)(2), the Oversight*
6 *Board shall certify to the President, the House of*
7 *Representatives Committee on Natural Resources, the*
8 *Senate Committee on Energy and Natural Resources,*
9 *the Governor, and the Legislature that the territorial*
10 *government is inconsistent with the applicable cer-*
11 *tified Budget, and shall describe the nature and*
12 *amount of the inconsistency.*

13 (2) *CORRECTION.*—*If the Oversight Board deter-*
14 *mines that the territorial government has initiated*
15 *such measures as the Oversight Board considers suffi-*
16 *cient to correct an inconsistency certified under para-*
17 *graph (1), the Oversight Board shall certify the cor-*
18 *rection to the President, the House of Representatives*
19 *Committee on Natural Resources, the Senate Com-*
20 *mittee on Energy and Natural Resources, the Gov-*
21 *ernor, and the Legislature.*

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

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

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

13 (2) *with respect to covered territorial instrumen-*
14 *talities at the sole discretion of the Oversight Board—*

15 (A) *make reductions in nondebt expendi-*
16 *tures to ensure that the actual quarterly revenues*
17 *and expenses for the covered territorial instru-*
18 *mentality are in compliance with the applicable*
19 *certified Budget or, in the case of the fiscal year*
20 *in which the Oversight Board is established, the*
21 *budget adopted by the Governor and the Legisla-*
22 *ture or the covered territorial instrumentality, as*
23 *applicable; or*

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

1 *any law during any fiscal year in which the Over-*
2 *sight Board is in operation, the Governor shall sub-*
3 *mit the law to the Oversight Board.*

4 (2) *COST ESTIMATE; CERTIFICATION OF COMPLI-*
5 *ANCE OR NONCOMPLIANCE.—The Governor shall in-*
6 *clude with each law submitted to the Oversight Board*
7 *under paragraph (1) the following:*

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

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

18 (C) *If the appropriate entity described in*
19 *subparagraph (A) finds that the law is signifi-*
20 *cantly inconsistent with the Fiscal Plan for the*
21 *fiscal year, it shall issue a certification of such*
22 *finding, together with the entity's reasons for*
23 *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 Over-*
 5 *sight Board under this subsection that is not ac-*
 6 *companied by the estimate required under para-*
 7 *graph (2)(A);*

8 (B) *the Governor submits a law to the Over-*
 9 *sight Board under this subsection that is not ac-*
 10 *companied by either a certification described in*
 11 *paragraph (2)(B) or (2)(C); or*

12 (C) *the Governor submits a law to the Over-*
 13 *sight Board under this subsection that is accom-*
 14 *panied by a certification described in paragraph*
 15 *(2)(C) that the law is significantly inconsistent*
 16 *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 to*
 21 *the Governor and the Legislature under para-*
 22 *graph (3)(A) or (3)(B) with respect to a law, the*
 23 *Oversight Board may direct the Governor to pro-*
 24 *vide the missing estimate or certification (as the*

1 case may be), in accordance with such proce-
2 dures as the Oversight Board may establish.

3 (B) *SUBMISSION OF CERTIFICATION OF SIG-*
4 *NIFICANT INCONSISTENCY WITH FISCAL PLAN*
5 *AND BUDGET.*—*In accordance with such proce-*
6 *dures as the Oversight Board may establish, after*
7 *sending a notification to the Governor and Leg-*
8 *islature under paragraph (3)(C) that a law is*
9 *significantly inconsistent with the Fiscal Plan,*
10 *the Oversight Board shall direct the territorial*
11 *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 gov-*
18 *ernment fails to comply with a direction given by the*
19 *Oversight Board under paragraph (4) with respect to*
20 *a law, the Oversight Board may take such actions as*
21 *it considers necessary, consistent with this Act, to en-*
22 *sure that the enactment or enforcement of the law will*
23 *not adversely affect the territorial government’s com-*
24 *pliance with the Fiscal Plan, including preventing*
25 *the enforcement or application of the law.*

1 (6) *PRELIMINARY REVIEW OF PROPOSED ACTS.*—

2 *At the request of the Legislature, the Oversight Board*
 3 *may conduct a preliminary review of proposed legis-*
 4 *lation before the Legislature to determine whether the*
 5 *legislation as proposed would be consistent with the*
 6 *applicable Fiscal Plan under this subtitle, except that*
 7 *any such preliminary review shall not be binding on*
 8 *the Oversight Board in reviewing any law subse-*
 9 *quently submitted under this subsection.*

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

12 (1) *TRANSPARENCY IN CONTRACTING.*—*The Over-*
 13 *sight Board shall work with a covered territory’s of-*
 14 *fice of the comptroller or any functionally equivalent*
 15 *entity to promote compliance with the applicable law*
 16 *of any covered territory that requires agencies and in-*
 17 *strumentalities of the territorial government to main-*
 18 *tain a registry of all contracts executed, including*
 19 *amendments thereto, and to remit a copy to the office*
 20 *of the comptroller for inclusion in a comprehensive*
 21 *database available to the public. With respect to Puer-*
 22 *to Rico, the term “applicable law” refers to 2*
 23 *L.P.R.A. 97, as amended.*

24 (2) *AUTHORITY TO REVIEW CERTAIN CON-*
 25 *TRACTS.*—*The Oversight Board may establish policies*

1 to require prior Oversight Board approval of certain
2 contracts, including leases and contracts to a govern-
3 mental entity or government-owned corporations rath-
4 er than private enterprises that are proposed to be ex-
5 ecuted by the territorial government, to ensure such
6 proposed contracts promote market competition and
7 are not inconsistent with the approved Fiscal Plan.

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

18 (4) *AUTHORITY TO REVIEW CERTAIN RULES,*
19 *REGULATIONS, AND EXECUTIVE ORDERS.*—The provi-
20 sions of this paragraph shall apply with respect to a
21 rule, regulation, or executive order proposed to be
22 issued by the Governor (or the head of any depart-
23 ment or agency of the territorial government) in the
24 same manner as such provisions apply to a contract.

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

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

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

21 (2) *NO ACTION PERMITTED UNTIL ANALYSIS RE-*
22 *CEIVED.*—The Legislature shall not adopt a re-
23 programming, and no officer or employee of the terri-
24 torial government may carry out any reprogram-
25 ming, until the Oversight Board has provided the

1 *Legislature with an analysis that certifies such re-*
2 *programming will not be inconsistent with the Fiscal*
3 *Plan and Budget.*

4 (3) *PROHIBITION ON ACTION UNTIL OVERSIGHT*
5 *BOARD IS APPOINTED.—*

6 (A) *During the period after a territory be-*
7 *comes a covered territory and prior to the ap-*
8 *pointment of all members and the Chair of the*
9 *Oversight Board, such covered territory shall not*
10 *enact new laws that either permit the transfer of*
11 *any funds or assets outside the ordinary course*
12 *of business or that are inconsistent with the con-*
13 *stitution or laws of the territory as of the date*
14 *of enactment of this Act, provided that any exec-*
15 *utive or legislative action authorizing the move-*
16 *ment of funds or assets during this time period*
17 *may be subject to review and rescission by the*
18 *Oversight Board upon appointment of the Over-*
19 *sight Board's full membership.*

20 (B) *Upon appointment of the Oversight Board's*
21 *full membership, the Oversight Board may review,*
22 *and in its sole discretion, rescind, any law that—*

23 (i) *was enacted during the period between,*
24 *with respect to Puerto Rico, May 4, 2016; or*
25 *with respect to any other territory, 45 days prior*

1 to the establishment of the Oversight Board for
2 such territory, and the date of appointment of
3 all members and the Chair of the Oversight
4 Board; and

5 (ii) alters pre-existing priorities of creditors
6 in a manner outside the ordinary course of busi-
7 ness or inconsistent with the territory's constitu-
8 tion or the laws of the territory as of, in the case
9 of Puerto Rico, May 4, 2016, or with respect to
10 any other territory, 45 days prior to the estab-
11 lishment of the Oversight Board for such terri-
12 tory;

13 but such rescission shall only be to the extent that the
14 law alters such priorities.

15 (d) IMPLEMENTATION OF FEDERAL PROGRAMS.—In
16 taking actions under this Act, the Oversight Board shall
17 not exercise applicable authorities to impede territorial ac-
18 tions taken to—

19 (1) comply with a court-issued consent decree or
20 injunction, or an administrative order or settlement
21 with a Federal agency, with respect to Federal pro-
22 grams;

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

1 (3) *implement territorial laws, which are con-*
 2 *sistent with a certified Fiscal Plan, that execute Fed-*
 3 *eral requirements and standards; or*

4 (4) *preserve and maintain federally funded mass*
 5 *transportation assets.*

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

8 (a) *IN GENERAL.*—*The Oversight Board may at any*
 9 *time submit recommendations to the Governor or the Legis-*
 10 *lature on actions the territorial government may take to*
 11 *ensure compliance with the Fiscal Plan, or to otherwise pro-*
 12 *mote the financial stability, economic growth, management*
 13 *responsibility, and service delivery efficiency of the terri-*
 14 *torial government, including recommendations relating*
 15 *to—*

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

23 (2) *the structural relationship of departments,*
 24 *agencies, and independent agencies within the terri-*
 25 *torial government;*

1 (3) *the modification of existing revenue struc-*
2 *tures, or the establishment of additional revenue*
3 *structures;*

4 (4) *the establishment of alternatives for meeting*
5 *obligations to pay for the pensions of territorial gov-*
6 *ernment employees;*

7 (5) *modifications or transfers of the types of*
8 *services that are the responsibility of, and are deliv-*
9 *ered by the territorial government;*

10 (6) *modifications of the types of services that are*
11 *delivered by entities other than the territorial govern-*
12 *ment under alternative service delivery mechanisms;*

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

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

18 (9) *the improvement of personnel training and*
19 *proficiency, the adjustment of staffing levels, and the*
20 *improvement of training and performance of manage-*
21 *ment and supervisory personnel; and*

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

24 (b) *RESPONSE TO RECOMMENDATIONS BY THE TERRI-*
25 *TORIAL GOVERNMENT.—*

1 (1) *IN GENERAL.*—*In the case of any rec-*
2 *ommendations submitted under subsection (a) that*
3 *are within the authority of the territorial government*
4 *to adopt, not later than 90 days after receiving the*
5 *recommendations, the Governor or the Legislature*
6 *(whichever has the authority to adopt the rec-*
7 *ommendation) shall submit a statement to the Over-*
8 *sight Board that provides notice as to whether the ter-*
9 *ritorial government will adopt the recommendations.*

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

19 (A) *specific performance measures to deter-*
20 *mine the extent to which the territorial govern-*
21 *ment has adopted the recommendation; and*

22 (B) *a clear and specific timetable pursuant*
23 *to which the territorial government will imple-*
24 *ment the recommendation.*

1 (3) *EXPLANATIONS REQUIRED FOR REC-*
 2 *COMMENDATIONS NOT ADOPTED.*—*If the Governor or*
 3 *the Legislature (whichever is applicable) notifies the*
 4 *Oversight Board under paragraph (1) that the terri-*
 5 *torial government will not adopt any recommenda-*
 6 *tion submitted under subsection (a) that the terri-*
 7 *torial government has authority to adopt, the Gov-*
 8 *ernor or the Legislature shall include in the statement*
 9 *explanations for the rejection of the recommendations,*
 10 *and the Governor or the Legislature shall submit such*
 11 *statement of explanations to the President and Con-*
 12 *gress.*

13 **SEC. 206. OVERSIGHT BOARD DUTIES RELATED TO RE-**
 14 **STRUCTURING.**

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

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

22 (2) *the entity has—*

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

1 (B) made public draft financial statements
2 and other information sufficient for any inter-
3 ested person to make an informed decision with
4 respect to a possible restructuring;

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

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

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

21 (b) *ISSUANCE OF RESTRUCTURING CERTIFICATION.*—
22 The issuance of a restructuring certification under this sec-
23 tion requires a vote of no fewer than 5 members of the Over-
24 sight Board in the affirmative, which shall satisfy the re-
25 quirement set forth in section 302(2) of this Act.

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

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

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

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

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

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

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

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

1 *plicable, section 104(e) have been spent by the Over-*
2 *sight Board during the fiscal year; and*

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

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

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

21 *(2) the members and staff of the Oversight Board*
22 *shall not disclose the contents of the report described*
23 *in this subsection, and shall otherwise comply with*
24 *all applicable territorial and Federal laws and regu-*

1 *lations regarding the handling of confidential tax-*
 2 *payer information.*

3 (c) *QUARTERLY REPORTS OF CASH FLOW.*—*The Over-*
 4 *sight Board, when feasible, shall report on the amount of*
 5 *cash flow available for the payment of debt service on all*
 6 *notes, bonds, debentures, credit agreements, or other instru-*
 7 *ments for money borrowed whose enforcement is subject to*
 8 *a stay or moratorium hereunder, together with any vari-*
 9 *ance from the amount set forth in the debt sustainability*
 10 *analysis of the Fiscal Plan under section 201(b)(1)(I).*

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

12 *An Oversight Board shall terminate upon certification*
 13 *by the Oversight Board that—*

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

18 (2) *for at least 4 consecutive fiscal years—*

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

22 (B) *the expenditures made by the territorial*
 23 *government during each fiscal year did not ex-*
 24 *ceed the revenues of the territorial government*

1 *during that year, as determined in accordance*
2 *with modified accrual accounting standards.*

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

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

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

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

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

20 *(a) DETERMINATION.—If the Oversight Board deter-*
21 *mines, in its sole discretion, that a pension system of the*
22 *territorial government is materially underfunded, the Over-*
23 *sight Board shall conduct an analysis prepared by an inde-*
24 *pendent actuary of such pension system to assist the Over-*

1 *sight Board in evaluating the fiscal and economic impact*
2 *of the pension cash flows.*

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

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

10 (2) *sources of funding to cover such payments;*

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

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

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

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

23 (a) *INTERVENTION.*—*The Oversight Board may inter-*
24 *vene in any litigation filed against the territorial govern-*
25 *ment.*

1 (b) *INJUNCTIVE RELIEF.*—

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

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

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

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

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

1 1129(a)(8), 1129(a)(10), 1129(b)(1), 1129(b)(2)(A),
2 1129(b)(2)(B), 1142(b), 1143, 1144, 1145, and 1146(a) of
3 title 11, United States Code, apply in a case under this
4 title and section 930 of title 11, United States Code, applies
5 in a case under this title; however, section 930 shall not
6 apply in any case during the first 120 days after the date
7 on which such case is commenced under this title.

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

13 (c) *DEFINITIONS.*—In this title:

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

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

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

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

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

5 *(A) shall exclude any Issuer or Authorized*
6 *Instrumentality of the Territory Government*
7 *Issuer (as defined under Title VI of this Act) or*
8 *a corporation, trust or other legal entity that is*
9 *controlled by the Issuer or an Authorized Terri-*
10 *torial Instrumentality of the Territory Govern-*
11 *ment Issuer, provided that the beneficiaries of*
12 *such claims, to the extent they are not referenced*
13 *in this subparagraph, shall not be excluded, and*
14 *that, for each excluded trust or other legal entity,*
15 *the court shall, upon the request of any partici-*
16 *pant or beneficiary of such trust or entity, at*
17 *any time after the commencement of the case,*
18 *order the appointment of a separate committee of*
19 *creditors pursuant to section 1102(a)(2) of title*
20 *11, United States Code; and*

21 *(B) with reference to Insured Bonds, shall*
22 *mean the monoline insurer insuring such In-*
23 *sured Bond to the extent such insurer is granted*
24 *the right to vote Insured Bonds for purposes of*
25 *directing remedies or consenting to proposed*

1 *amendments or modifications as provided in the*
2 *applicable documents pursuant to which such In-*
3 *sured Bond was issued and insured.*

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

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

13 (6) *STATE.*—*The term “State” when used in a*
14 *section of title 11, United States Code, made applica-*
15 *ble in a case under this title by subsection (a) means*
16 *State or territory when used in reference to the rela-*
17 *tionship of a State to the municipality of the State*
18 *or the territorial instrumentality of a territory, as*
19 *applicable.*

20 (7) *TRUSTEE.*—*The term “trustee”, when used*
21 *in a section of title 11, United States Code, made ap-*
22 *plicable in a case under this title by subsection (a),*
23 *means the Oversight Board, except as provided in sec-*
24 *tion 926 of title 11, United States Code. The term*
25 *“trustee” as described in this paragraph does not*

1 *mean the U.S. Trustee, an official of the United*
2 *States Trustee Program, which is a component of the*
3 *United States Department of Justice.*

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

13 *(e) SUBSTANTIALLY SIMILAR.—In determining wheth-*
14 *er claims are “substantially similar” for the purpose of sec-*
15 *tion 1122 of title 11, United States Code, made applicable*
16 *in a case under this title by subsection (a), the Oversight*
17 *Board shall consider whether such claims are secured and*
18 *whether such claims have priority over other 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 estab-
 2 lishment of an Oversight Board or has had an
 3 Oversight Board established for it by the United
 4 States Congress in accordance with section 101
 5 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 entity;
 10 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 otherwise,
 19 the territory or any territorial instrumentality thereof in
 20 the exercise of the political or governmental powers of the
 21 territory or territorial instrumentality, including expendi-
 22 tures for such exercise, but whether or not a case has been
 23 or can be commenced under this title—

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, may*
4 *not bind any creditor of a covered territory or any*
5 *covered territorial instrumentality thereof that does*
6 *not consent to the composition or moratorium;*

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

10 *(3) unlawful executive orders that alter, amend,*
11 *or modify rights of holders of any debt of the territory*
12 *or territorial instrumentality, or that divert funds*
13 *from one territorial instrumentality to another or to*
14 *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 the*
20 *determination under section 206 of this Act.*

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

1 *in any case during the first 120 days after the date on*
2 *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 under*
7 *this title in the case in which the appeal is being taken,*
8 *nor shall any court order a stay of such proceeding pending*
9 *such appeal.*

10 (e) *VALIDITY OF DEBT.*—*The reversal on appeal of a*
11 *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 under*
16 *this title, may file petitions or submit or modify plans of*
17 *adjustment jointly if the debtors are affiliates; provided,*
18 *however, that nothing in this title shall be construed as au-*
19 *thorizing substantive consolidation of the cases of affiliated*
20 *debtors.*

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

1 *a motion to administer the cases jointly, the court may*
 2 *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 Federal*
 5 *police or regulatory laws, including laws relating to the en-*
 6 *vironment, public health or safety, or territorial laws im-*
 7 *plementing such Federal legal provisions. This includes*
 8 *compliance obligations, requirements under consent decrees*
 9 *or judicial orders, and obligations to pay associated admin-*
 10 *istrative, 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 title*
 17 *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 debtor;*
4 *or*

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

7 **SEC. 306. JURISDICTION.**

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

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

13 (2) *except as provided in subsection (b), and not-*
14 *withstanding any Act of Congress that confers exclu-*
15 *sive jurisdiction on a court or courts other than the*
16 *district courts, original but not exclusive jurisdiction*
17 *of all civil proceedings arising under this title, or*
18 *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 civil*
5 *action by a governmental unit to enforce the police or*
6 *regulatory power of the governmental unit, to the dis-*
7 *trict court for the district in which the civil action is*
8 *pending, if the district court has jurisdiction of the*
9 *claim or cause of action under this section.*

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

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

25 (e) *APPEAL.*—

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

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

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

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

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

22 (ii) *the order or decree involves a ques-*
23 *tion of law requiring the resolution of con-*
24 *flicting decisions; or*

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

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

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

12 (5) The parties may supplement the certification
13 with a short statement of the basis for the certifi-
14 cation issued by the district court under paragraph
15 (3)(A).

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

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

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

7 **SEC. 307. VENUE.**

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

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

13 (2) *with respect to a covered territorial instru-*
14 *mentality, the district court for the territory in which*
15 *the covered territorial instrumentality is located or,*
16 *for any territory that does not have a district court,*
17 *the United States District Court for the District of*
18 *Hawaii.*

19 (b) *ALTERNATIVE VENUE.*—

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

1 (2) *With respect to paragraph (1), the Oversight*
2 *Board may consider, among other things—*

3 (A) *the resources of the district court to ad-*
4 *judicate a case or proceeding; and*

5 (B) *the impact on witnesses who may be*
6 *called in such a case or proceeding.*

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

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

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

18 **SEC. 309. ABSTENTION.**

19 *Nothing in this title prevents a district court in the*
20 *interests of justice from abstaining from hearing a par-*
21 *ticular proceeding arising in or related to a case under this*
22 *title.*

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

2 *The Federal Rules of Bankruptcy Procedure shall*
3 *apply to a case under this title and to all civil proceedings*
4 *arising in or related to cases under this title.*

5 **SEC. 311. LEASES.**

6 *A lease to a territory or territorial instrumentality*
7 *shall not be treated as an executory contract or unexpired*
8 *lease for the purposes of section 365 or 502(b)(6) of title*
9 *11, United States Code, solely by reason of the lease being*
10 *subject to termination in the event the debtor fails to appro-*
11 *priate rent.*

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

13 *(a) EXCLUSIVITY.—Only the Oversight Board, after*
14 *the issuance of a certificate pursuant to section 104(j) of*
15 *this Act, may file a plan of adjustment of the debts of the*
16 *debtor.*

17 *(b) DEADLINE FOR FILING PLAN.—If the Oversight*
18 *Board does not file a plan of adjustment with the petition,*
19 *the Oversight Board shall file a plan of adjustment at the*
20 *time set by the court.*

21 **SEC. 313. MODIFICATION OF PLAN.**

22 *The Oversight Board, after the issuance of a certifi-*
23 *cation pursuant to section 104(j) of this Act, may modify*
24 *the plan at any time before confirmation, but may not mod-*
25 *ify the plan so that the plan as modified fails to meet the*

1 *requirements of this title. After the Oversight Board files*
2 *a modification, the plan as modified becomes the plan.*

3 **SEC. 314. CONFIRMATION.**

4 (a) *OBJECTION.*—A special tax payer may object to
5 *confirmation of a plan.*

6 (b) *CONFIRMATION.*—The court shall confirm the plan
7 *if—*

8 (1) *the plan complies with the provisions of title*
9 *11 of the United States Code, made applicable to a*
10 *case under this title by section 301 of this Act;*

11 (2) *the plan complies with the provisions of this*
12 *title;*

13 (3) *the debtor is not prohibited by law from tak-*
14 *ing any action necessary to carry out the plan;*

15 (4) *except to the extent that the holder of a par-*
16 *ticular claim has agreed to a different treatment of*
17 *such claim, the plan provides that on the effective*
18 *date of the plan each holder of a claim of a kind spec-*
19 *ified in 507(a)(2) of title 11, United States Code, will*
20 *receive on account of such claim cash equal to the al-*
21 *lowed amount of such claim;*

22 (5) *any legislative, regulatory, or electoral ap-*
23 *proval necessary under applicable law in order to*
24 *carry out any provision of the plan has been ob-*

1 *tained, or such provision is expressly conditioned on*
2 *such approval;*

3 *(6) the plan is feasible and in the best interests*
4 *of creditors, which shall require the court to consider*
5 *whether available remedies under the non-bankruptcy*
6 *laws and constitution of the territory would result in*
7 *a greater recovery for the creditors than is provided*
8 *by such plan; and*

9 *(7) the plan is consistent with the applicable*
10 *Fiscal Plan certified by the Oversight Board under*
11 *title II.*

12 *(c) CONFIRMATION FOR DEBTORS WITH A SINGLE*
13 *CLASS OF CLAIMS.—If all of the requirements of section*
14 *314(b) of this title and section 1129(a) of title 11, United*
15 *States Code, incorporated into this title by section 301 other*
16 *than sections 1129(a)(8) and 1129(a)(10) are met with re-*
17 *spect to a plan—*

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

20 *(2) that includes only one class of claims, which*
21 *claims are impaired claims; and*

22 *(3) that was not accepted by such impaired*
23 *class,*

24 *the court shall confirm the plan notwithstanding the re-*
25 *quirements of such sections 1129(a)(8) and 1129(a)(10) of*

1 *title 11, United States Code if the plan is fair and equitable*
2 *and does not discriminate unfairly with respect to such im-*
3 *paired class.*

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

5 (a) *ACTIONS OF OVERSIGHT BOARD.*—*For the pur-*
6 *poses of this title, the Oversight Board may take any action*
7 *necessary on behalf of the debtor to prosecute the case of*
8 *the debtor, including—*

9 (1) *filing a petition under section 304 of this*
10 *Act;*

11 (2) *submitting or modifying a plan of adjust-*
12 *ment under sections 312 and 313; or*

13 (3) *otherwise generally submitting filings in re-*
14 *lation to the case with the court.*

15 (b) *REPRESENTATIVE OF DEBTOR.*—*The Oversight*
16 *Board in a case under this title is the representative of the*
17 *debtor.*

18 **SEC. 316. COMPENSATION OF PROFESSIONALS.**

19 (a) *After notice to the parties in interest and the*
20 *United States Trustee and a hearing, the court may award*
21 *to a professional person employed by the debtor (in the debt-*
22 *or's sole discretion), the Oversight Board (in the Oversight*
23 *Board's sole discretion), a committee under section 1103 of*
24 *title 11, United States Code, or a trustee appointed by the*
25 *court under section 926 of title 11, United States Code—*

1 (1) *reasonable compensation for actual, necessary*
2 *services rendered by the professional person, or attor-*
3 *ney and by any paraprofessional person employed by*
4 *any such person; and*

5 (2) *reimbursement for actual, necessary expenses.*

6 (b) *The court may, on its own motion or on the motion*
7 *of the United States Trustee or any other party in interest,*
8 *award compensation that is less than the amount of com-*
9 *ensation that is requested.*

10 (c) *In determining the amount of reasonable com-*
11 *ensation to be awarded to a professional person, the court*
12 *shall consider the nature, the extent, and the value of such*
13 *services, taking into account all relevant factors, includ-*
14 *ing—*

15 (1) *the time spent on such services;*

16 (2) *the rates charged for such services;*

17 (3) *whether the services were necessary to the ad-*
18 *ministration of, or beneficial at the time at which the*
19 *service was rendered toward the completion of, a case*
20 *under this chapter;*

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

1 (5) *with respect to a professional person, whether*
2 *the person is board certified or otherwise has dem-*
3 *onstrated skill and experience in the restructuring*
4 *field; and*

5 (6) *whether the compensation is reasonable based*
6 *on the customary compensation charged by com-*
7 *parably skilled practitioners in cases other than cases*
8 *under this title or title 11, United States Code.*

9 (d) *The court shall not allow compensation for—*

10 (1) *unnecessary duplication of services; or*

11 (2) *services that were not—*

12 (A) *reasonably likely to benefit the debtor;*

13 or

14 (B) *necessary to the administration of the*

15 *case.*

16 (e) *The court shall reduce the amount of compensation*
17 *awarded under this section by the amount of any interim*
18 *compensation awarded under section 317 of this title, and,*
19 *if the amount of such interim compensation exceeds the*
20 *amount of compensation awarded under this section, may*
21 *order the return of the excess to the debtor.*

22 (f) *Any compensation awarded for the preparation of*
23 *a fee application shall be based on the level and skill reason-*
24 *ably required to prepare the application.*

1 **SEC. 317. INTERIM COMPENSATION.**

2 *A debtor's attorney, or any professional person em-*
 3 *ployed by the debtor (in the debtor's sole discretion), the*
 4 *Oversight Board (in the Oversight Board's sole discretion),*
 5 *a committee under section 1103 of title 11, United States*
 6 *Code, or a trustee appointed by the court under section 926*
 7 *of title 11, United States Code, may apply to the court not*
 8 *more than once every 120 days after an order for relief in*
 9 *a case under this title, or more often if the court permits,*
 10 *for such compensation for services rendered before the date*
 11 *of such an application or reimbursement for expenses in-*
 12 *curred before such date as is provided under section 316*
 13 *of this title.*

14 **TITLE IV—MISCELLANEOUS**
 15 **PROVISIONS**

16 **SEC. 401. RULES OF CONSTRUCTION.**

17 *Nothing in this Act is intended, or may be construed—*

18 *(1) to limit the authority of Congress to exercise*
 19 *legislative authority over the territories pursuant to*
 20 *Article IV, section 3 of the Constitution of the United*
 21 *States;*

22 *(2) to authorize the application of section 104(f)*
 23 *of this Act (relating to issuance of subpoenas) to judi-*
 24 *cial officers or employees of territory courts;*

25 *(3) to alter, amend, or abrogate any provision of*
 26 *the Covenant To Establish a Commonwealth of the*

1 *Northern Mariana Islands in Political Union With*
 2 *the United States of America (48 U.S.C. 1801 et seq.);*
 3 *or*

4 *(4) to alter, amend, or abrogate the treaties of*
 5 *cession regarding certain islands of American Samoa*
 6 *(48 U.S.C. 1661).*

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

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

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

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

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

1 *withstanding the time period designated, such wage shall*
2 *not continue in effect after such Board terminates in ac-*
3 *cordance with section 209 of such Act.*

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

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

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

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

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

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

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

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

17 (c) *SENSE OF CONGRESS.*—*It is the sense of Congress*
18 *that—*

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

1 *is the primary source of labor force statistics for the*
 2 *population of the United States; and*

3 *(2) if necessary, the Bureau of the Census should*
 4 *request the funding required to conduct this feasibility*
 5 *study as part of its budget submission to Congress for*
 6 *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, obli-*
 11 *gation of insurance, or other financial indebtedness*
 12 *for borrowed money, including rights, entitlements, or*
 13 *obligations whether such rights, entitlements, or obli-*
 14 *gations 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 demate-*
 18 *rialized 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, unliqui-*
3 *dated, fixed, contingent, matured, unmatured,*
4 *disputed, undisputed, legal, equitable, secured, or*
5 *unsecured; or*

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

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

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

1 (2) *the enforcement, against the Government of*
2 *Puerto Rico or against property of the Government of*
3 *Puerto Rico, of a judgment obtained before the enact-*
4 *ment of this Act;*

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

9 (4) *any act to create, perfect, or enforce any lien*
10 *against property of the Government of Puerto Rico;*

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

15 (6) *any act to collect, assess, or recover a Liabil-*
16 *ity Claim against the Government of Puerto Rico that*
17 *arose before the enactment of this Act; and*

18 (7) *the setoff of any debt owing to the Govern-*
19 *ment of Puerto Rico that arose before the enactment*
20 *of this Act against any Liability Claim against the*
21 *Government of Puerto Rico.*

22 (c) *STAY NOT OPERABLE.—The establishment of an*
23 *Oversight Board for Puerto Rico in accordance with section*
24 *101 does not operate as a stay—*

1 (1) *solely under subsection (b)(1) of this section,*
 2 *of the continuation of, including the issuance or em-*
 3 *ployment of process, of a judicial, administrative, or*
 4 *other action or proceeding against the Government of*
 5 *Puerto Rico that was commenced on or before Decem-*
 6 *ber 18, 2015; or*

7 (2) *of the commencement or continuation of an*
 8 *action or proceeding by a governmental unit to en-*
 9 *force such governmental unit's or organization's po-*
 10 *lice and regulatory power, including the enforcement*
 11 *of a judgment other than a money judgment, obtained*
 12 *in an action or proceeding by the governmental unit*
 13 *to enforce such governmental unit's or organization's*
 14 *police or regulatory power.*

15 (d) *CONTINUATION OF STAY.—Except as provided in*
 16 *subsections (e), (f), and (g) the stay under subsection (b)*
 17 *continues until the earlier of—*

18 (1) *the later of—*

19 (A) *the later of—*

20 (i) *February 15, 2017; or*

21 (ii) *six months after the establishment*
 22 *of an Oversight Board for Puerto Rico as*
 23 *established by section 101(b);*

24 (B) *the date that is 75 days after the date*
 25 *in subparagraph (A) if the Oversight Board de-*

1 *livers a certification to the Governor that, in the*
2 *Oversight Board's sole discretion, an additional*
3 *75 days are needed to seek to complete a vol-*
4 *untary process under title VI of this Act with re-*
5 *spect to the government of the Commonwealth of*
6 *Puerto Rico or any of its territorial instrumen-*
7 *talities; or*

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

18 *(2) with respect to the government of the Com-*
19 *monwealth of Puerto Rico or any of its territorial in-*
20 *strumentalities, the date on which a case is filed by*
21 *or on behalf of the government of the Commonwealth*
22 *of Puerto Rico or any of its territorial instrumental-*
23 *ities, as applicable, under title III.*

24 *(e) JURISDICTION, RELIEF FROM STAY.—*

1 (1) *The United States District Court for the Dis-*
2 *trict of Puerto Rico shall have original and exclusive*
3 *jurisdiction of any civil actions arising under or re-*
4 *lated to this section.*

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

10 (f) *TERMINATION OF STAY; HEARING.—Forty-five*
11 *days after a request under subsection (e)(2) for relief from*
12 *the stay of any act against property of the Government of*
13 *Puerto Rico under subsection (b), such stay is terminated*
14 *with respect to the party in interest making such request,*
15 *unless the court, after notice and a hearing, orders such stay*
16 *continued in effect pending the conclusion of, or as a result*
17 *of, a final hearing and determination under subsection*
18 *(e)(2). A hearing under this subsection may be a prelimi-*
19 *nary hearing, or may be consolidated with the final hearing*
20 *under subsection (e)(2). The court shall order such stay con-*
21 *tinued in effect pending the conclusion of the final hearing*
22 *under subsection (e)(2) if there is a reasonable likelihood*
23 *that the party opposing relief from such stay will prevail*
24 *at the conclusion of such final hearing. If the hearing under*
25 *this subsection is a preliminary hearing, then such final*

1 *hearing shall be concluded not later than thirty days after*
2 *the conclusion of such preliminary hearing, unless the thir-*
3 *ty-day period is extended with the consent of the parties*
4 *in interest or for a specific time which the court finds is*
5 *required by compelling circumstances.*

6 (g) *RELIEF TO PREVENT IRREPARABLE DAMAGE.—*
7 *Upon request of a party in interest, the court, with or with-*
8 *out a hearing, shall grant such relief from the stay provided*
9 *under subsection (b) as is necessary to prevent irreparable*
10 *damage to the interest of an entity in property, if such in-*
11 *terest will suffer such damage before there is an opportunity*
12 *for notice and a hearing under subsection (e) or (f).*

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

22 (i) *GOVERNMENT OF PUERTO RICO.—For purposes of*
23 *this section, the term “Government of Puerto Rico”, in ad-*
24 *dition to the definition set forth in section 5(11) of this*
25 *Act, shall include—*

1 (1) *the individuals, including elected and ap-*
2 *pointed officials, directors, officers of and employees*
3 *acting in their official capacity on behalf of the Gov-*
4 *ernment of Puerto Rico; and*

5 (2) *the Oversight Board, including the directors*
6 *and officers of and employees acting in their official*
7 *capacity on behalf of the Oversight Board.*

8 (j) *NO DEFAULT UNDER EXISTING CONTRACTS.—*

9 (1) *Notwithstanding any contractual provision*
10 *or applicable law to the contrary and so long as a*
11 *stay under this section is in effect, the holder of a Li-*
12 *ability Claim or any other claim (as such term is de-*
13 *finied in section 101 of title 11, United States Code)*
14 *may not exercise or continue to exercise any remedy*
15 *under a contract or applicable law in respect to the*
16 *Government of Puerto Rico or any of its property—*

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

23 (B) *with respect to Liability Claims—*

24 (i) *for the non-payment of principal or*
25 *interest; or*

1 (ii) for the breach of any condition or
2 covenant.

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

7 (A) setoff;

8 (B) apply or appropriate funds;

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

12 (D) seek to raise rates; or

13 (E) exercise control over property of the
14 Government of Puerto Rico.

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

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

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

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

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

19 (k) *EFFECT.*—This section does not discharge an obli-
20 gation of the Government of Puerto Rico or release, invali-
21 date, or impair any security interest or lien securing such
22 obligation. This section does not impair or affect the imple-
23 mentation of any restructuring support agreement executed
24 by the Government of Puerto Rico to be implemented pursu-
25 ant to Puerto Rico law specifically enacted for that purpose

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

4 *(l) PAYMENTS ON LIABILITIES.—Nothing in this sec-*
5 *tion shall be construed to prohibit the Government of Puerto*
6 *Rico from making any payment on any Liability when*
7 *such payment becomes due during the term of the stay, and*
8 *to the extent the Oversight Board, in its sole discretion, de-*
9 *termines it is feasible, the Government of Puerto Rico shall*
10 *make interest payments on outstanding indebtedness when*
11 *such payments become due during the length of the stay.*

12 *(m) FINDINGS.—Congress finds the following:*

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

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

21 *(3) The current fiscal emergency has also affected*
22 *the long-term economic stability of Puerto Rico by*
23 *contributing to the accelerated outmigration of resi-*
24 *dents and businesses.*

1 (4) *A comprehensive approach to fiscal, manage-*
2 *ment, and structural problems and adjustments that*
3 *exempts no part of the Government of Puerto Rico is*
4 *necessary, involving independent oversight and a Fed-*
5 *eral statutory authority for the Government of Puerto*
6 *Rico to restructure debts in a fair and orderly proc-*
7 *ess.*

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

11 (A) *The stay advances the best interests*
12 *common to all stakeholders, including but not*
13 *limited to a functioning independent Oversight*
14 *Board created pursuant to this Act to determine*
15 *whether to appear or intervene on behalf of the*
16 *Government of Puerto Rico in any litigation*
17 *that may have been commenced prior to the effec-*
18 *tiveness or upon expiration of the stay.*

19 (B) *The stay is limited in nature and nar-*
20 *rowly tailored to achieve the purposes of this Act,*
21 *including to ensure all creditors have a fair op-*
22 *portunity to consensually renegotiate terms of re-*
23 *payment based on accurate financial informa-*
24 *tion that is reviewed by an independent author-*
25 *ity or, at a minimum, receive a recovery from*

1 *the Government of Puerto Rico equal to their*
2 *best possible outcome absent the provisions of this*
3 *Act.*

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

9 (n) *PURPOSES.—The purposes of this section are to—*

10 (1) *provide the Government of Puerto Rico with*
11 *the resources and the tools it needs to address an im-*
12 *mediate existing and imminent crisis;*

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

18 (3) *provide an oversight mechanism to assist the*
19 *Government of Puerto Rico in reforming its fiscal*
20 *governance and support the implementation of poten-*
21 *tial debt restructuring;*

22 (4) *make available a Federal restructuring au-*
23 *thority, if necessary, to allow for an orderly adjust-*
24 *ment of all of the Government of Puerto Rico's liabil-*
25 *ities; and*

1 (5) *benefit the lives of 3.5 million American citi-*
 2 *zens living in Puerto Rico by encouraging the Gov-*
 3 *ernment of Puerto Rico to resolve its longstanding fis-*
 4 *cal governance issues and return to economic growth.*

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

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

12 *The text of section 302 of the Omnibus Insular Areas*
 13 *Act of 1992 (48 U.S.C. 1469e), is amended to read as fol-*
 14 *lows: “The Governments of the Commonwealth of Puerto*
 15 *Rico, Guam, American Samoa, the Commonwealth of the*
 16 *Northern Mariana Islands, and the United States Virgin*
 17 *Islands are authorized to make purchases through the Gen-*
 18 *eral Services Administration.”.*

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

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

1 *obstacle to the efficient implementation of such contracting*
2 *activities.”.*

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

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

9 (b) *MEMBERSHIP.*—*The Task Force shall be composed*
10 *of eight members as follows:*

11 (1) *One member of the House of Representatives,*
12 *who shall be appointed by the Speaker of the House*
13 *of Representatives, in coordination with the Chair-*
14 *man of the Committee on Natural Resources of the*
15 *House of Representatives.*

16 (2) *One member of the House of Representatives,*
17 *who shall be appointed by the Speaker of the House*
18 *of Representatives, in coordination with the Chair-*
19 *man of the Committee on Ways and Means of the*
20 *House of Representatives.*

21 (3) *One member of the House of Representatives,*
22 *who shall be appointed by the Minority Leader of the*
23 *House of Representatives, in coordination with the*
24 *ranking minority member of the Committee on Nat-*
25 *ural Resources of the House of Representatives.*

1 (4) *One member of the House of Representatives,*
2 *who shall be appointed by the Minority Leader of the*
3 *House of Representatives, in coordination with the*
4 *ranking minority member of the Committee on Ways*
5 *and Means of the House of Representatives.*

6 (5) *One member of the Senate, who shall be ap-*
7 *pointed by the Majority Leader of the Senate, in co-*
8 *ordination with the Chairman of the Committee on*
9 *Energy and Natural Resources of the Senate.*

10 (6) *One member of the Senate, who shall be ap-*
11 *pointed by the Majority Leader of the Senate, in co-*
12 *ordination with the Chairman of the Committee on*
13 *Finance of the Senate.*

14 (7) *One member of the Senate, who shall be ap-*
15 *pointed by the Minority Leader of the Senate, in co-*
16 *ordination with the ranking minority member of the*
17 *Committee on Energy and Natural Resources of the*
18 *Senate.*

19 (8) *One member of the Senate, who shall be ap-*
20 *pointed by the Minority Leader of the Senate, in co-*
21 *ordination with the ranking minority member of the*
22 *Committee on Finance of the Senate.*

23 (c) *DEADLINE FOR APPOINTMENT.*—*All appointments*
24 *to the Task Force shall be made not later than 15 days*
25 *after the date of enactment of this Act.*

1 (d) *CHAIR.*—*The Speaker shall designate one Member*
2 *to serve as chair of the Task Force.*

3 (e) *VACANCIES.*—*Any vacancy in the Task Force shall*
4 *be filled in the same manner as the original appointment.*

5 (f) *STATUS UPDATE.*—*Between September 1, 2016,*
6 *and September 15, 2016, the Task Force shall provide a*
7 *status update to the House and Senate that includes—*

8 (1) *information the Task Force has collected; and*

9 (2) *a discussion on matters the chairman of the*
10 *Task Force deems urgent for consideration by Con-*
11 *gress.*

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

15 (1) *impediments in current Federal law and*
16 *programs to economic growth in Puerto Rico includ-*
17 *ing equitable access to Federal health care programs;*

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

23 (3) *the economic effect of Administrative Order*
24 *No. 346 of the Department of Health of the Common-*
25 *wealth of Puerto Rico (relating to natural products,*

1 *natural supplements, and dietary supplements) or*
2 *any successor or substantially similar order, rule, or*
3 *guidance of the Commonwealth of Puerto Rico; and*

4 *(4) additional information the Task Force deems*
5 *appropriate.*

6 *(h) CONSENSUS VIEWS.—To the greatest extent prac-*
7 *ticable, the report issued under subsection (f) shall reflect*
8 *the shared views of all eight Members, except that the report*
9 *may contain dissenting views.*

10 *(i) HEARINGS AND SESSIONS.—The Task Force may,*
11 *for the purpose of carrying out this section, hold hearings,*
12 *sit and act at times and places, take testimony, and receive*
13 *evidence as the Task Force considers appropriate. If the*
14 *Task Force holds hearings, at least one such hearing must*
15 *be held in Puerto Rico.*

16 *(j) STAKEHOLDER PARTICIPATION.—In carrying out*
17 *its duties, the Task Force shall consult with the Puerto Rico*
18 *Legislative Assembly, the Puerto Rico Department of Eco-*
19 *nomie Development and Commerce, and the private sector*
20 *of Puerto Rico.*

21 *(k) RESOURCES.—The Task Force shall carry out its*
22 *duties by utilizing existing facilities, services, and staff of*
23 *the House of Representatives and Senate, except that no ad-*
24 *ditional funds are authorized to be appropriated to carry*
25 *out this section.*

1 (l) *TERMINATION.*—*The Task Force shall terminate*
2 *upon issuing the report required under subsection (f).*

3 **SEC. 410. REPORT.**

4 *Not later than 18 months after the date of the enact-*
5 *ment of this Act, the Comptroller General shall submit a*
6 *report to the Committee on Natural Resources of the House*
7 *of Representatives and the Committee on Energy and Nat-*
8 *ural Resources of the Senate describing—*

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

12 (2) *how actions of the territorial government im-*
13 *proved or impaired the territory's financial condi-*
14 *tions; and*

15 (3) *recommendations on non-fiscal actions, or*
16 *policies that would not imperil America's homeland*
17 *and national security, that could be taken by Con-*
18 *gress or the Administration to avert future indebted-*
19 *ness of territories, while respecting sovereignty and*
20 *constitutional parameters.*

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

22 (a) *REPORT REQUIRED.*—*Not later than one year*
23 *after the date of the enactment of this Act, and thereafter*
24 *not less than once every two years, the Comptroller General*

1 *of the United States shall submit to Congress a report on*
2 *the public debt of each territory, including—*

3 *(1) the historical levels of each territory's public*
4 *debt, current amount and composition of each terri-*
5 *tory's public debt, and future projections of each terri-*
6 *tory's public debt;*

7 *(2) the historical levels of each territory's rev-*
8 *enue, current amount and composition of each terri-*
9 *tory's revenue, and future projections of each terri-*
10 *tory's revenue;*

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

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

15 *(5) the ability of each territory to repay it's pub-*
16 *lic debt.*

17 *(b) MATERIALS.—The government of each territory*
18 *shall make available to the Comptroller General of the*
19 *United States all materials necessary to carry out this sec-*
20 *tion.*

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

22 *(a) IN GENERAL.—*

23 *(1) Section 3(p)(4)(A) of the Small Business Act*
24 *(15 U.S.C. 632(p)(4)(A)) is amended to read as fol-*
25 *lows:*

1 “(A) *QUALIFIED CENSUS TRACT.*—

2 “*(i) IN GENERAL.*—*The term ‘qualified*
3 *census tract’ has the meaning given that*
4 *term in section 42(d)(5)(B)(ii) of the Inter-*
5 *nal Revenue Code of 1986.*

6 “*(ii) EXCEPTION.*—*For any metropoli-*
7 *tan statistical area in the Commonwealth of*
8 *Puerto Rico, the term ‘qualified census*
9 *tract’ has the meaning given that term in*
10 *section 42(d)(5)(B)(ii) of the Internal Rev-*
11 *enue Code of 1986 as applied without re-*
12 *gard to subclause (II) of such section, except*
13 *that this clause shall only apply—*

14 “*(I) 10 years after the date that*
15 *the Administrator implements this*
16 *clause, or*

17 “*(II) the date on which the Fi-*
18 *nancial Oversight and Management*
19 *Board for the Commonwealth of Puerto*
20 *Rico created by the Puerto Rico Over-*
21 *sight, Management, and Economic Sta-*
22 *bility Act ceases to exist,*
23 *whichever event occurs first.”.*

24 (2) *REGULATIONS.*—*The Administrator of the*
25 *Small Business Administration shall issue regulations*

1 to implement the amendment made by paragraph (1)
2 not later than 90 days after the date of the enactment
3 of this Act.

4 **(b) IMPROVING OVERSIGHT.**—

5 (1) **GUIDANCE.**—Not later than 270 days after
6 the date of the enactment of this Act, the Adminis-
7 trator of the Small Business Administration shall de-
8 velop and implement criteria and guidance on using
9 a risk-based approach to requesting and verifying in-
10 formation from entities applying to be designated or
11 recertified as qualified HUBZone small business con-
12 cerns (as defined in section 3(p)(5) of the Small Busi-
13 ness Act (15 U.S.C. 632(p)(5))).

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

24 (A) an assessment of the criteria and guid-
25 ance issued by the Administrator of the Small

1 *Business Administration in accordance with*
2 *paragraph (1);*

3 *(B) an assessment of the implementation of*
4 *the criteria and guidance issued by issued by the*
5 *Administrator of the Small Business Adminis-*
6 *tration in accordance with paragraph (1);*

7 *(C) an assessment as to whether these meas-*
8 *ures have successfully ensured that only qualified*
9 *HUBZone small business concerns are partici-*
10 *pating in the HUBZone program under section*
11 *31 of the Small Business Act (15 U.S.C. 657a);*

12 *(D) an assessment as to whether the reforms*
13 *made by the criteria and guidance implemented*
14 *under paragraph (1) have resulted in job cre-*
15 *ation in the Commonwealth of Puerto Rico; and*

16 *(E) recommendations on how to improve*
17 *controls in the HUBZone program.*

18 **SEC. 413. DETERMINATION ON DEBT.**

19 *Nothing in this Act shall be interpreted to restrict—*

20 *(1) the ability of the Puerto Rico Commission for*
21 *the Comprehensive Audit of the Public Credit to file*
22 *its reports; or*

23 *(2) the review and consideration of the Puerto*
24 *Rico Commission's findings by Puerto Rico's govern-*

1 *ment or an Oversight Board for Puerto Rico estab-*
 2 *lished under section 101.*

3 **TITLE V—PUERTO RICO INFRA-**
 4 **STRUCTURE REVITALIZATION**

5 **SEC. 501. DEFINITIONS.**

6 *In this title:*

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

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

18 (3) *ENERGY COMMISSION OF PUERTO RICO.*—*The*
 19 *term “Energy Commission of Puerto Rico” means the*
 20 *Puerto Rico Energy Commission as established by*
 21 *Subtitle B of Puerto Rico Act 57–2014.*

22 (4) *ENERGY PROJECTS.*—*The term “Energy*
 23 *Projects” means those projects addressing the genera-*
 24 *tion, distribution, or transmission of energy.*

1 (5) *EMERGENCY.*—*The term “emergency” means*
2 *any event or grave problem of deterioration in the*
3 *physical infrastructure for the rendering of essential*
4 *services to the people, or that endangers the life, pub-*
5 *lic health, or safety of the population or of a sensitive*
6 *ecosystem, or as otherwise defined by section 1 of Act*
7 *76 (3 L.P.R.A. 1931). This shall include problems in*
8 *the physical infrastructure for energy, water, sewer,*
9 *solid waste, highways or roads, ports, telecommuni-*
10 *cations, and other similar infrastructure.*

11 (6) *ENVIRONMENTAL QUALITY BOARD.*—*The term*
12 *“Environmental Quality Board” means the Puerto*
13 *Rico Environmental Quality Board, a board within*
14 *the executive branch of the Government of Puerto Rico*
15 *as established by section 7 of Puerto Rico Act 416–*
16 *2004 (12 L.P.R.A. 8002a).*

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

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

1 (9) *INTERAGENCY ENVIRONMENTAL SUB-*
2 *COMMITTEE.*—*The term “Interagency Environmental*
3 *Subcommittee” means the Interagency Subcommittee*
4 *on Expedited Environmental Regulations as further*
5 *described by section 504.*

6 (10) *LEGISLATURE.*—*The term “Legislature”*
7 *means the Legislature of Puerto Rico.*

8 (11) *PLANNING BOARD.*—*The term “Planning*
9 *Board” means the Puerto Rico Planning Board, a*
10 *board within the executive branch of the Government*
11 *of Puerto Rico established by Puerto Rico Act 75–*
12 *1975 (23 L.P.R.A. 62 et seq.).*

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

17 (13) *PUERTO RICO AGENCY OR AGENCIES.*—*The*
18 *terms “Puerto Rico Agency” or “Puerto Rico Agen-*
19 *cies” means any board, body, board of examiners,*
20 *public corporation, commission, independent office,*
21 *division, administration, bureau, department, author-*
22 *ity, official, person, entity, municipality, or any in-*
23 *strumentality of Puerto Rico, or an administrative*
24 *body authorized by law to perform duties of regu-*
25 *lating, investigating, or that may issue a decision, or*

1 *with the power to issue licenses, certificates, permits,*
2 *concessions, accreditations, privileges, franchises, ex-*
3 *cept the Senate and the House of Representatives of*
4 *the Legislature and the judicial branch.*

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

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

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

13 (b) *APPOINTMENT.—*

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

16 (A) *Prior to the appointment of the Revital-*
17 *ization Coordinator and within 60 days of the*
18 *appointment of the full membership of the Over-*
19 *sight Board, the Oversight Board shall submit to*
20 *the Governor no less than three nominees for ap-*
21 *pointment.*

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

1 *Revitalization Coordinator. Such appointment*
2 *shall be effective immediately.*

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

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

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

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

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

4 (3) *COMPENSATION.*—*The Revitalization Coordi-*
5 *nator shall be compensated at an annual rate deter-*
6 *mined by the Oversight Board sufficient in the judg-*
7 *ment of the Oversight Board to obtain the services of*
8 *a person with the skills and experience required to*
9 *discharge the duties of the position, but such com-*
10 *pen- sation shall not exceed the annual salary of the*
11 *Executive Director.*

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

15 (d) *REMOVAL.*—

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

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

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

24 (a) *IDENTIFICATION OF PROJECTS.*—

1 (1) *PROJECT SUBMISSION.*—*Any Project Sponsor*
2 *may submit, so long as the Oversight Board is in op-*
3 *eration, any existing, ongoing, or proposed project to*
4 *the Revitalization Coordinator. The Revitalization*
5 *Coordinator shall require such submission to in-*
6 *clude—*

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

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

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

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

22 (E) *the status of the project if it is existing*
23 *or ongoing; and*

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

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

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

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

8 *(iii) expedite the diversification and*
9 *conversion of fuel sources for electric genera-*
10 *tion from oil to natural gas and renewables*
11 *in Puerto Rico as defined under applicable*
12 *Puerto Rico laws;*

13 *(iv) promote the development and utili-*
14 *zation of energy sources found on Puerto*
15 *Rico;*

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

19 *(vi) support the Energy Commission of*
20 *Puerto Rico in achievement of its goal of re-*
21 *ducing energy costs and ensuring affordable*
22 *energy rates for consumers and business; or*

23 *(vii) achieve in whole or in part the*
24 *recommendations, if feasible, of the study in*
25 *section 505(d) of this title to the extent such*

1 *study is completed and not inconsistent*
2 *with studies or plans otherwise required*
3 *under Puerto Rico laws.*

4 (2) *IDENTIFICATION OF RELEVANT PUERTO RICO*
5 *AGENCIES.—Within 20 days of receiving a project*
6 *submission under paragraph (1), the Revitalization*
7 *Coordinator shall, in consultation with the Governor,*
8 *identify all Puerto Rico Agencies that will have a role*
9 *in the permitting, approval, authorizing, or other ac-*
10 *tivity related to the development of such project sub-*
11 *mission.*

12 (3) *EXPEDITED PERMITTING PROCESS.—*

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

19 (B) *FAILURE TO PROVIDE EXPEDITED PER-*
20 *MITTING PROCESS.—If a Puerto Rico Agency*
21 *fails to provide an Expedited Permitting Process*
22 *within 20 days of receiving a project submission,*
23 *the Revitalization Coordinator shall consult with*
24 *the Governor to develop within 20 days an Expe-*
25 *ditated Permitting Process for the Agency.*

1 (C) IMPLEMENTATION AND
2 PRIORITIZATION.—*The Revitalization Coordi-*
3 *nator shall require Puerto Rico Agencies to im-*
4 *plement the Expedited Permitting Process for*
5 *Critical Projects. Critical Projects shall be*
6 *prioritized to the maximum extent possible in*
7 *each Puerto Rico Agency regardless of any agree-*
8 *ments transferring or delegating permitting au-*
9 *thority to any other Territorial Instrumentality*
10 *or municipality.*

11 (b) *CRITICAL PROJECT REPORT.—*

12 (1) *IN GENERAL.—For each submitted project,*
13 *the Revitalization Coordinator in consultation with*
14 *the Governor and relevant Puerto Rico Agencies iden-*
15 *tified in subsection (a)(2) shall develop a Critical*
16 *Project Report within 60 days of the project submis-*
17 *sion, which shall include:*

18 (A) *An assessment of how well the project*
19 *meets the criteria in subsection (a)(1).*

20 (B) *A recommendation by the Governor*
21 *whether the project should be considered a Crit-*
22 *ical Project. If the Governor fails to provide a*
23 *recommendation during the development of the*
24 *Critical Project Report, the failure shall con-*
25 *stitute a concurrence with the Revitalization Co-*

1 *ordinator’s recommendation in subparagraph*
2 *(E).*

3 *(C) In the case of a project that may affect*
4 *the implementation of Land-Use Plans, as de-*
5 *finied by Puerto Rico Act 550–2004, a deter-*
6 *mination by the Planning Board will be re-*
7 *quired within the 60-day timeframe. If the Plan-*
8 *ning Board determines such project will be in-*
9 *consistent with relevant Land-Use Plans, then*
10 *the project will be deemed ineligible for Critical*
11 *Project designation.*

12 *(D) In the case of an Energy Project that*
13 *will connect with the Puerto Rico Electric Power*
14 *Authority’s transmission or distribution facili-*
15 *ties, a recommendation by the Energy Commis-*
16 *sion of Puerto Rico, if the Energy Commission*
17 *determines such Energy Project will affect an*
18 *approved Integrated Resource Plan, as defined*
19 *under Puerto Rico Act 54–2014. If the Energy*
20 *Commission determines the Energy Project will*
21 *adversely affect an approved Integrated Resource*
22 *Plan, then the Energy Commission shall provide*
23 *the reasons for such determination and the En-*
24 *ergy Project shall be ineligible for Critical*
25 *Project designation, provided that such deter-*

1 *mination must be made during the 60-day time-*
2 *frame for the development of the Critical Project*
3 *Report.*

4 *(E) A recommendation by the Revitaliza-*
5 *tion Coordinator whether the project should be*
6 *considered a Critical Project.*

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

17 *(3) SUBMISSION TO OVERSIGHT BOARD.—Not*
18 *later than 5 days after the Revitalization Coordinator*
19 *has responded to the comments under paragraph (2),*
20 *the Revitalization Coordinator shall submit the Crit-*
21 *ical Project Report to the Oversight Board.*

22 *(c) ACTION BY THE OVERSIGHT BOARD.—Not later*
23 *than 30 days after receiving the Critical Project Report,*
24 *the Oversight Board, by majority vote, shall approve or dis-*

1 *approve the project as a Critical Project, if the Oversight*
2 *Board—*

3 (1) *approves the project, the project shall be*
4 *deemed a Critical Project; and*

5 (2) *disapproves the project, the Oversight Board*
6 *shall submit to the Revitalization Coordinator in*
7 *writing the reasons for disapproval.*

8 **SEC. 504. MISCELLANEOUS PROVISIONS.**

9 (a) *CREATION OF INTERAGENCY ENVIRONMENTAL*
10 *SUBCOMMITTEE.—*

11 (1) *ESTABLISHMENT.—Not later than 60 days*
12 *after the date on which the Revitalization Coordi-*
13 *nator is appointed, the Interagency Environmental*
14 *Subcommittee shall be established and shall evaluate*
15 *environmental documents required under Puerto Rico*
16 *law for any Critical Project within the Expedited*
17 *Permitting Process established by the Revitalization*
18 *Coordinator under section 503(a)(3).*

19 (2) *COMPOSITION.—The Interagency Environ-*
20 *mental Subcommittee shall consist of the Revitaliza-*
21 *tion Coordinator, and a representative selected by the*
22 *Governor in consultation with the Revitalization Co-*
23 *ordinator representing each of the following agencies:*
24 *The Environmental Quality Board, the Planning*
25 *Board, the Puerto Rico Department of Natural and*

1 *Environmental Resources, and any other Puerto Rico*
2 *Agency determined to be relevant by the Revitaliza-*
3 *tion Coordinator.*

4 *(b) LENGTH OF EXPEDITED PERMITTING PROCESS.—*
5 *With respect to a Puerto Rico Agency's activities related*
6 *only to a Critical Project, such Puerto Rico Agency shall*
7 *operate as if the Governor has declared an emergency pur-*
8 *suant to section 2 of Act 76 (3 L.P.R.A. 1932). Section 12*
9 *of Act 76 (3 L.P.R.A. 1942) shall not be applicable to Crit-*
10 *ical Projects. Furthermore, any transactions, processes,*
11 *projects, works, or programs essential to the completion of*
12 *a Critical Project shall continue to be processed and com-*
13 *pleted under such Expedited Permitting Process regardless*
14 *of the termination of the Oversight Board under section 209.*

15 *(c) EXPEDITED PERMITTING PROCESS COMPLI-*
16 *ANCE.—*

17 *(1) WRITTEN NOTICE.—A Critical Project Spon-*
18 *sor may in writing notify the Oversight Board of the*
19 *failure of a Puerto Rico Agency or the Revitalization*
20 *Coordinator to adhere to the Expedited Permitting*
21 *Process.*

22 *(2) FINDING OF FAILURE.—If the Oversight*
23 *Board finds either the Puerto Rico Agency or Revital-*
24 *ization Coordinator has failed to adhere to the Expe-*
25 *ditated Permitting Process, the Oversight Board shall*

1 *direct the offending party to comply with the Expedited Permitting Process. The Oversight Board may*
2
3 *take such enforcement action as necessary as provided*
4 *by section 104(l).*

5 *(d) REVIEW OF LEGISLATURE ACTS.—*

6 *(1) SUBMISSION OF ACTS TO OVERSIGHT*
7 *BOARD.—Pursuant to section 204(a), the Governor*
8 *shall submit to the Oversight Board any law duly en-*
9 *acted during any fiscal year in which the Oversight*
10 *Board is in operation that may affect the Expedited*
11 *Permitting Process.*

12 *(2) FINDING OF OVERSIGHT BOARD.—Upon re-*
13 *ceipt of a law under paragraph (1), the Oversight*
14 *Board shall promptly review whether the law would*
15 *adversely impact the Expedited Permitting Process*
16 *and, upon such a finding, the Oversight Board may*
17 *deem such law to be significantly inconsistent with*
18 *the applicable Fiscal Plan.*

19 *(e) ESTABLISHMENT OF CERTAIN TERMS AND CONDI-*
20 *TIONS.—No Puerto Rico Agency may include in any certifi-*
21 *cate, right-of-way, permit, lease, or other authorization*
22 *issued for a Critical Project any term or condition that may*
23 *be permitted, but is not required, by any applicable Puerto*
24 *Rico law, if the Revitalization Coordinator determines the*
25 *term or condition would prevent or impair the expeditious*

1 *construction, operation, or expansion of the Critical Project.*
2 *The Revitalization Coordinator may request a Puerto Rico*
3 *Agency to include in any certificate, right-of-way, permit,*
4 *lease, or other authorization, a term or condition that may*
5 *be permitted in accordance with applicable laws if the Revi-*
6 *talization Coordinator determines such inclusion would*
7 *support the expeditious construction, operation, or expan-*
8 *sion of any Critical Project.*

9 *(f) DISCLOSURE.—All Critical Project reports, and*
10 *justifications for approval or rejection of Critical Project*
11 *status, shall be made publicly available online within 5*
12 *days of receipt or completion.*

13 **SEC. 505. FEDERAL AGENCY REQUIREMENTS.**

14 *(a) FEDERAL POINTS OF CONTACT.—At the request of*
15 *the Revitalization Coordinator and within 30 days of re-*
16 *ceiving such a request, each Federal agency with jurisdic-*
17 *tion over the permitting, or administrative or environ-*
18 *mental review of private or public projects in Puerto Rico,*
19 *shall name a Point of Contact who will serve as that agen-*
20 *cy's liaison with the Revitalization Coordinator.*

21 *(b) FEDERAL GRANTS AND LOANS.—For each Critical*
22 *Project with a pending or potential Federal grant, loan,*
23 *or loan guarantee application, the Revitalization Coordi-*
24 *nator and the relevant Point of Contact shall cooperate with*
25 *each other to ensure expeditious review of such application.*

1 (c) *EXPEDITED REVIEWS AND ACTIONS OF FEDERAL*
2 *AGENCIES.*—All reviews conducted and actions taken by
3 any Federal agency relating to a Critical Project shall be
4 expedited in a manner consistent with completion of the
5 necessary reviews and approvals by the deadlines under the
6 Expedited Permitting Process, but in no way shall the
7 deadlines established through the Expedited Permitting
8 Process be binding on any Federal agency.

9 (d) *TRANSFER OF STUDY OF ELECTRIC RATES.*—Sec-
10 tion 9 of the Consolidated and Further Continuing Appro-
11 priations Act, 2015 (48 U.S.C. 1492a) is amended—

12 (1) in subsection (a)(5), by inserting “, except
13 that, with respect to Puerto Rico, the term means, the
14 Secretary of Energy” after “Secretary of the Inte-
15 rior”; and

16 (2) in subsection (b)—

17 (A) by inserting “(except in the case of
18 Puerto Rico, in which case not later than 270
19 days after the date of enactment of the Puerto
20 Rico Oversight, Management, and Economic
21 Stability Act)” after “of this Act”; and

22 (B) by inserting “(except in the case of
23 Puerto Rico)” after “Empowering Insular Com-
24 munities activity”.

1 **SEC. 506. JUDICIAL REVIEW.**

2 (a) *DEADLINE FOR FILING OF A CLAIM.*—A claim
3 arising under this title must be brought no later than 30
4 days after the date of the decision or action giving rise to
5 the claim.

6 (b) *EXPEDITED CONSIDERATION.*—The District Court
7 for the District of Puerto Rico shall set any action brought
8 under this title for expedited consideration, taking into ac-
9 count the interest of enhancing Puerto Rico’s infrastructure
10 for electricity, water and sewer services, roads and bridges,
11 ports, and solid waste management to achieve compliance
12 with local and Federal environmental laws, regulations,
13 and policies while ensuring the continuity of adequate serv-
14 ices to the people of Puerto Rico and Puerto Rico’s sustain-
15 able economic development.

16 **SEC. 507. SAVINGS CLAUSE.**

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

19 **TITLE VI—CREDITOR**
20 **COLLECTIVE ACTION**

21 **SEC. 601. CREDITOR COLLECTIVE ACTION.**

22 (a) *DEFINITIONS.*—In this title:

23 (1) *ADMINISTRATIVE SUPERVISOR.*—The term
24 “Administrative Supervisor” means the Oversight
25 Board established under section 101.

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

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

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

15 (5) *CONVERTIBLE CAPITAL APPRECIATION BOND.*—*The term “Convertible Capital Appreciation Bond” means a Bond that does not pay interest on a current basis, but for which interest amounts are added to principal over time as specified in the relevant offering materials and which converts to a current pay bond on a future date.*

22 (6) *INFORMATION AGENT.*—*The term “Information Agent” means an information agent appointed in accordance with subsection (l).*

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

5 (8) *ISSUER.*—*The term “Issuer” means, as ap-*
6 *plicable, the Territory Government Issuer or an Au-*
7 *thorized Territorial Instrumentality that has issued*
8 *or guaranteed at least one Bond that is Outstanding.*

9 (9) *MODIFICATION.*—*The term “Modification”*
10 *means any modification, amendment, supplement or*
11 *waiver affecting one or more series of Bonds, includ-*
12 *ing those effected by way of exchange, repurchase, con-*
13 *version, or substitution.*

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

17 (11) *OUTSTANDING PRINCIPAL.*—*The term “Out-*
18 *standing Principal” means—*

19 (A) *for a Bond that is not a Capital Appreci-*
20 *ation Bond or a Convertible Capital Apprecia-*
21 *tion Bond, the outstanding principal amount of*
22 *such Bond; and*

23 (B) *for a Bond that is a Capital Apprecia-*
24 *tion Bond or a Convertible Capital Appreciation*
25 *Bond, the current accreted value of such Capital*

1 *Appreciation Bond or a Convertible Capital Ap-*
2 *preciation Bond, as applicable.*

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

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

8 (14) *SECURED POOL.*—*The term “Secured Pool”*
9 *means a Pool established in accordance with sub-*
10 *section (d) consisting only of Bonds that are secured*
11 *by a lien on property, provided that the inclusion of*
12 *a Bond Claim in such Pool shall not in any way*
13 *limit or prejudice the right of the Issuer, the Adminis-*
14 *trative Supervisor, or any creditor to recharacterize*
15 *or challenge such Bond Claim, or any purported lien*
16 *securing such Bond Claim, in any other manner in*
17 *any subsequent proceeding in the event a proposed*
18 *Qualifying Modification is not consummated.*

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

24 (b) *OUTSTANDING BONDS.*—*In determining whether*
25 *holders of the requisite principal amount of Outstanding*

1 *Bonds have voted in favor of, or consented to, a proposed*
2 *Qualifying Modification, a Bond will be deemed not to be*
3 *outstanding, and may not be counted in a vote or consent*
4 *solicitation for or against a proposed Qualifying Modifica-*
5 *tion, if on the record date for the proposed Qualifying Modi-*
6 *fication—*

7 (1) *the Bond has previously been cancelled or de-*
8 *livered for cancellation or is held for reissuance but*
9 *has not been reissued;*

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

16 (3) *the Bond has been substituted with a security*
17 *of another series; or*

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

24 *For purposes of this subsection, a corporation, trust or other*
25 *legal entity is controlled by the Issuer or by an Authorized*

1 *Territorial Instrumentality of the Territory Government*
 2 *Issuer if the Issuer or an Authorized Territorial Instrumen-*
 3 *tality of the Territory Government Issuer, as applicable, has*
 4 *the power, directly or indirectly, through the ownership of*
 5 *voting securities or other ownership interests, by contract*
 6 *or otherwise, to direct the management of or elect or appoint*
 7 *a majority of the board of directors or other persons per-*
 8 *forming similar functions in lieu of, or in addition to, the*
 9 *board of directors of that 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 representa-*
 14 *tive of the Issuer specifying any Bonds that are deemed not*
 15 *to be Outstanding for the purpose of subsection (b) above.*

16 (d) *DETERMINATION OF POOLS FOR VOTING.—The Ad-*
 17 *ministrative Supervisor, in consultation with the Issuer,*
 18 *shall establish Pools in accordance with the following:*

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

21 (2) *A Pool that contains one or more Bonds that*
 22 *are secured by a lien on property shall be a Secured*
 23 *Pool.*

24 (3) *The Administrative Supervisor shall establish*
 25 *Pools according to the following principles:*

1 (A) For each Issuer that has issued multiple
2 Bonds that are distinguished by specific provi-
3 sions governing priority or security arrange-
4 ments, including Bonds that have been issued as
5 general obligations of the Territory Government
6 Issuer to which the Territory Government Issuer
7 pledged the full or good faith, credit, and taxing
8 power of the Territory Government Issuer, sepa-
9 rate Pools shall be established corresponding to
10 the relative priority or security arrangements of
11 each holder of Bonds against each Issuer, as ap-
12 plicable, provided, however, that the term “pri-
13 ority” as used in this section shall not be under-
14 stood to mean differing payment or maturity
15 dates.

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

21 (C) For each Issuer that has issued multiple
22 Bonds, for at least some of which a guarantee of
23 repayment has been provided by the Territory
24 Government Issuer, separate Pools shall be estab-

1 *lished for such guaranteed and non-guaranteed*
2 *Bonds.*

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

9 *(i) for each dedicated revenue stream*
10 *that has been pledged for repayment, not*
11 *less than one Secured Pool for Bonds for*
12 *which such revenue stream has been pledged,*
13 *and separate Secured Pools shall be estab-*
14 *lished for Bonds of different priority; and*

15 *(ii) not less than one Pool for all other*
16 *Bonds issued by the Issuer for which a dedi-*
17 *cated revenue stream has not been pledged*
18 *for repayment.*

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

23 *(4) Notwithstanding the preceding provisions of*
24 *this subsection, solely with respect to a preexisting*
25 *voluntary agreement as described in section 104(i)(3)*

1 *of this Act, such voluntary agreement may classify*
 2 *Insured Bonds and uninsured bonds in different Pools*
 3 *and provide different treatment thereof so long as the*
 4 *preexisting voluntary agreement has been agreed to*
 5 *by—*

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

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

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

17 *(f) INFORMATION DELIVERY REQUIREMENT.—Before*
 18 *solicitation of acceptance or rejection of a Modification*
 19 *under subsection (h), the Issuer shall provide to the Calcula-*
 20 *tion Agent, the Information Agent, and the Administrative*
 21 *Supervisor, the following information—*

22 *(1) a description of the Issuer's economic and fi-*
 23 *nancial circumstances which are, in the Issuer's opin-*
 24 *ion, relevant to the request for the proposed Quali-*
 25 *fying Modification, a description of the Issuer's exist-*

1 *ing debts, a description of the impact of the proposed*
 2 *Qualifying Modification on the territory's or its terri-*
 3 *torial instrumentalities' public debt;*

4 *(2) if the Issuer is seeking Modifications affect-*
 5 *ing any other Pools of Bonds of the Territory Govern-*
 6 *ment Issuer or its Authorized Territorial Instrumen-*
 7 *talities, a description of such other Modifications;*

8 *(3) if a Fiscal Plan with respect to such Issuer*
 9 *has been certified, the applicable Fiscal Plan certified*
 10 *in accordance with section 201; and*

11 *(4) such other information as may be required*
 12 *under applicable securities laws.*

13 *(g) QUALIFYING MODIFICATION.—A Modification is a*
 14 *Qualifying Modification if one of the following processes has*
 15 *occurred:*

16 *(1) CONSULTATION PROCESS.—*

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

21 *(B) each exchanging, repurchasing, con-*
 22 *verting, or substituting holder of Bonds of any*
 23 *series in a Pool affected by that Modification is*
 24 *offered the same amount of consideration per*
 25 *amount of principal, the same amount of consid-*

1 *eration per amount of interest accrued but un-*
2 *paid and the same amount of consideration per*
3 *amount of past due interest, respectively, as that*
4 *offered to each other exchanging, repurchasing,*
5 *converting, or substituting holder of Bonds of*
6 *any series in a Pool affected by that Modifica-*
7 *tion (or, where a menu of instruments or other*
8 *consideration is offered, each exchanging, repur-*
9 *chasing, converting, or substituting holder of*
10 *Bonds of any series in a Pool affected by that*
11 *Modification is offered the same amount of con-*
12 *sideration per amount of principal, the same*
13 *amount of consideration per amount of interest*
14 *accrued but unpaid and the same amount of con-*
15 *sideration per amount of past due interest, re-*
16 *spectively, as that offered to each other exchang-*
17 *ing, repurchasing, converting, or substituting*
18 *holder of Bonds of any series in a Pool affected*
19 *by that Modification electing the same option*
20 *under such menu of instruments); and*

21 *(C) the Modification is certified by the Ad-*
22 *ministrative Supervisor as being consistent with*
23 *the requirements set forth in section 104(i)(1)*
24 *and is in the best interests of the creditors and*
25 *is feasible.*

1 (2) *VOLUNTARY AGREEMENT PROCESS.*—*The Ad-*
2 *ministrative Supervisor has issued a certification*
3 *that—*

4 (A) *the requirements set forth in section*
5 *104(i)(2) and section 601(g)(1)(B) have been sat-*
6 *isfied; or*

7 (B) *the Modification is consistent with a re-*
8 *structuring support or similar agreement to be*
9 *implemented pursuant to the law of the covered*
10 *territory executed by the Issuer prior to the es-*
11 *tablishment of an Oversight Board for the rel-*
12 *evant territory.*

13 (h) *SOLICITATION.*—

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

24 (2) *If the Information Agent is unable to iden-*
25 *tify the address of holders of any Outstanding Bonds*

1 of the relevant Issuer, the Information Agent may so-
2 licit the vote or consent of such holders by—

3 (A) delivering the solicitation to the paying
4 agent for any such Issuer or Depository Trust
5 Corporation if it serves as the clearing system
6 for any of the Issuer's Outstanding Bonds; or

7 (B) delivering or publishing the solicitation
8 by whatever additional means the Information
9 Agent, after consultation with the Issuer, deems
10 necessary and appropriate in order to make a
11 reasonable effort to inform holders of any Out-
12 standing Bonds of the Issuer which may include,
13 notice by mail, publication in electronic media,
14 publication on a website of the Issuer, or publi-
15 cation in newspapers of national circulation in
16 the United States and in a newspaper of general
17 circulation in the territory.

18 (i) *WHO MAY PROPOSE A MODIFICATION.*—For each
19 Issuer, a Modification may be proposed to the Administra-
20 tive Supervisor by the Issuer or by one or more holders of
21 the right to vote the Issuer's Outstanding Bonds. To the ex-
22 tent a Modification proposed by one or more holders of the
23 right to vote Outstanding Bonds otherwise complies with
24 the requirements of this title, the Administrative Supervisor
25 may accept such Modification on behalf of the Issuer, in

1 *which case the Administrative Supervisor will instruct the*
2 *Issuer to provide the information required in subsection (f).*

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

19 (k) *CALCULATION AGENT.—For the purpose of calcu-*
20 *lating the principal amount of the Bonds of any series eligi-*
21 *ble to participate in such a vote or consent solicitation and*
22 *tabulating such votes or consents, the Territory Government*
23 *Issuer may appoint a Calculation Agent for each Pool rea-*
24 *sonably acceptable to the Administrative Supervisor.*

1 (l) *INFORMATION AGENT.*—*For the purpose of admin-*
 2 *istering a vote of holders of Bonds, including the holders*
 3 *of the right to vote such Bonds, or seeking the consent of*
 4 *holder of Bonds, including the holders of the right to vote*
 5 *such Bonds, to a written action under this section, the Ter-*
 6 *ritory Government Issuer may appoint an Information*
 7 *Agent for each Pool reasonably acceptable to the Adminis-*
 8 *trative 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 Out-*
 17 *standing Bonds in every Pool of the Issuer pur-*
 18 *suant to subsection (j) have consented to or ap-*
 19 *proved 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 sec-
3 tion 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 Quali-
8 fying Modification have been satisfied or, in
9 the Administrative Supervisor's sole discre-
10 tion, satisfaction of such conditions has
11 been waived;

12 (C) with respect to a Bond Claim that is se-
13 cured by a lien on property and with respect to
14 which the holder of such Bond Claim has rejected
15 or not consented to the Qualifying Modification,
16 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 Issuer
6 for an order approving the Qualifying Modifica-
7 tion, entered an order that the requirements of
8 this section have been satisfied.

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

1 *any creditors of such entities, and should not be sub-*
2 *ject to any collateral attack or other challenge by any*
3 *such entities in any court or other forum. Other than*
4 *as provided herein, the foregoing shall not prejudice*
5 *the rights and claims of any party that insured the*
6 *Bonds, including the right to assert claims under the*
7 *Bonds as modified following any payment under the*
8 *insurance policy, and no claim or right that may be*
9 *asserted by any party in a capacity other than holder*
10 *of a Bond affected by the Qualifying Modification*
11 *shall be satisfied, released, discharged, or enjoined by*
12 *this provision.*

13 *(n) JUDICIAL REVIEW.—*

14 *(1) The district court for the territory or, for any*
15 *territory that does not have a district court, the*
16 *United States District Court for the District of Ha-*
17 *waii shall have original and exclusive jurisdiction*
18 *over civil actions arising under this section.*

19 *(2) Notwithstanding section 106(e), there shall be*
20 *a cause of action to challenge unlawful application of*
21 *this section.*

22 *(3) The district court shall nullify a Modifica-*
23 *tion and any effects on the rights of the holders of*
24 *Bonds resulting from such Modification if and only*

1 *if the district court determines that such Modification*
 2 *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 solution*
 16 *for Puerto Rico's fiscal and economic crisis should include*
 17 *permanent, pro-growth fiscal reforms that feature, among*
 18 *other elements, a free flow of capital between possessions of*
 19 *the United States and the rest of the United States.*

Attest:

Clerk.

114TH CONGRESS
2^D SESSION

S. 2328

AMENDMENT