



(Original Signature of Member)

114TH CONGRESS
2D SESSION

H. R. 4900

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

IN THE HOUSE OF REPRESENTATIVES

Mr. Duffy introduced the following bill; which was referred to the
Committee on _____

A BILL

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

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

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

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

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

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

TITLE I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT BOARD

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

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. Jurisdiction; removal; appeals.
- Sec. 309. Appellate review.
- 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.

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. Land conveyance authority, Vieques National Wildlife Refuge, Vieques Island.
- Sec. 406. Automatic stay upon enactment.
- Sec. 407. Purchases by territory governments.
- Sec. 408. Intervention in litigation.

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.

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.—Title III shall apply with respect
 6 to—

7 (1) cases commenced under title III on or after
 8 the date of the enactment of this Act; and

9 (2) debts, claims, and liens (as such terms are
 10 defined in section 101 of title 11, United States
 11 Code) created before, on, or after such date.

12 **SEC. 3. SEVERABILITY.**

13 If any provision of this Act or the application thereof
 14 to any person or circumstance is held invalid, the remain-
 15 der of this Act, or the application of that provision to per-

1 sons or circumstances other than those as to which it is
2 held invalid, is not affected thereby, provided that title III
3 is not severable from titles I or II, and titles I or II are
4 not severable from title III.

5 **SEC. 4. SUPREMACY.**

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

9 **SEC. 5. DEFINITIONS.**

10 In this Act—

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

19 (2) **BOND.**—The term “Bond” means a bond,
20 loan, letter of credit, other borrowing title, obligation
21 of insurance, or other indebtedness, including rights,
22 entitlements, or obligations whether such rights, en-
23 titlements, or obligations arise from contract, stat-
24 ute, or any other source of law, in any case, related
25 to such a bond, loan, letter of credit, other bor-

1 rowing title, obligation of insurance, or other indebt-
2 edness in physical or dematerialized form, of
3 which—

4 (A) the issuer, obligor, or guarantor is the
5 territorial government; and

6 (B) the date of issuance or incurrence pre-
7 ceedes the date of enactment of this Act.

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

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

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

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

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

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

4 (A) agreed accounting standards; and

5 (B) the applicable Fiscal Plan.

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

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

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

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

20 (11) GOVERNMENT OF PUERTO RICO.—The
21 term “Government of Puerto Rico” means the gov-
22 ernment of the Commonwealth of Puerto Rico, in-
23 cluding all its territorial instrumentalities.

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

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

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

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

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

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

1 ment Board established in accordance with section
2 101.

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

7 (19) TERRITORIAL INSTRUMENTALITY.—

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

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

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

19 (A) Puerto Rico;

20 (B) Guam;

21 (C) American Samoa;

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

24 (E) the United States Virgin Islands.

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

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

9 **SEC. 6. PLACEMENT.**

10 The Law Revision Counsel is directed to place this
11 Act in chapter 4 of title 48, United States Code, as sub-
12 chapter VIII.

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

14 Except as otherwise provided in this Act, nothing in
15 this Act shall be construed as impairing or in any manner
16 relieving a territorial government, or any territorial instru-
17 mentality thereof, from compliance with Federal laws or
18 requirements protecting the health, safety, and environ-
19 ment of persons in such territory.

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

4 **SEC. 101. TERRITORY FINANCIAL OVERSIGHT AND MAN-**
5 **AGEMENT BOARD.**

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

9 (b) **ESTABLISHMENT.**—

10 (1) **IN GENERAL.**—Except as provided in para-
11 graph (2), a Financial Oversight and Management
12 Board for a territory is established in accordance
13 with this section only if the Legislature of the terri-
14 tory adopts a resolution signed by the Governor re-
15 questing the establishment.

16 (2) **PUERTO RICO.**—Notwithstanding paragraph
17 (1), a Financial Oversight and Management Board
18 is hereby established for Puerto Rico.

19 (3) **CONSTITUTIONAL BASIS.**—The Congress en-
20 acts this subsection pursuant to article IV, section
21 3 of the Constitution of the United States, which
22 provides Congress the power to dispose of and make
23 all needful 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 ter-
2 ritorial 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
6 Federal 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
15 to 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 terri-
23 torial instrumentality to be included in the Ter-
24 ritory Budget; except that the Oversight Board
25 may not designate a covered territorial instru-

1 mentality to be included in the Territory Budget
2 et if applicable territory law does not require
3 legislative approval of such covered territorial
4 instrumentality's budget.

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

14 (D) INCLUSION IN TERRITORY FISCAL PLAN.—The Oversight Board may require in its
15 sole discretion the Governor to include a covered territorial instrumentality in the applicable
16 Territory Fiscal Plan.

17 (E) SEPARATE INSTRUMENTALITY FISCAL PLANS.—The Oversight Board may designate in
18 its sole discretion a covered territorial instrumentality to be the subject of an Instrumentality
19 Fiscal Plan separate from the applicable
20 Territory Fiscal Plan.

1 Territory Fiscal Plan and require that the Gov-
2 ernor develop such an Instrumentality Fiscal
3 Plan.

4 (2) EXCLUSION.—

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

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

14 (e) MEMBERSHIP.—

15 (1) IN GENERAL.—The Oversight Board shall
16 consist of 7 members appointed by the President
17 who meet the qualifications described in subsection
18 (e), except that the Oversight Board may take any
19 action under this Act (or any amendments made by
20 this Act) at any time after the President has ap-
21 pointed 3 of its members.

22 (2) APPOINTED MEMBERS.—The President
23 shall appoint the individual members of the Over-
24 sight Board, of which two individuals should be se-
25 lected from a list of individuals submitted by the

1 Speaker of the House of Representatives; two should
2 be selected from a list submitted by the Majority
3 Leader of the Senate; one should be selected from
4 a list submitted by the Minority Leader of the
5 House of Representatives; and one should be se-
6 lected from a list submitted by the Minority Leader
7 of the Senate. Of the two individuals to be selected
8 from a list of individuals submitted by the Speaker
9 of the House of Representatives, one shall maintain
10 a primary residence in the territory or have a pri-
11 mary place of business in the territory.

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

15 (4) CHAIR.—The voting members of the Over-
16 sight Board shall designate one of the voting mem-
17 bers of the Oversight Board as the Chair of the
18 Oversight Board (referred to hereafter in this title
19 as the “Chair”).

20 (5) TERM OF SERVICE.—

21 (A) IN GENERAL.—Each appointed mem-
22 ber of the Oversight Board shall be appointed
23 for a term of 3 years.

1 (B) REMOVAL.—The President may re-
2 move any member of the Oversight Board only
3 for cause.

4 (C) CONTINUATION OF SERVICE UNTIL
5 SUCCESSOR APPOINTED.—Upon the expiration
6 of a term of office, a member of the Oversight
7 Board may continue to serve until a successor
8 has been appointed.

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

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

15 (2) is not an officer, elected official, or em-
16 ployee of the territorial government or a candidate
17 for elected office of the territorial government.

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

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

1 (1) IN GENERAL.—As soon as practicable after
2 the appointment of its members, the Oversight
3 Board shall adopt bylaws, rules, and procedures gov-
4 erning its activities under this Act, including proce-
5 dures for hiring experts and consultants and conflict
6 of interest rules. Such bylaws, rules, and procedures
7 shall be public documents, and shall be submitted by
8 the Oversight Board upon adoption to the Governor,
9 the Legislature, the President, and Congress. The
10 Oversight Board may hire professionals as it deter-
11 mines to be necessary to carry out this subsection.

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

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

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

6 (4) EXECUTIVE SESSION.—Upon a majority
7 vote of the Oversight Board’s full appointed mem-
8 bership, the Oversight Board may conduct its busi-
9 ness in an executive session that consists solely of
10 the Oversight Board’s appointed members and is
11 closed to the public, but only for the business items
12 set forth as part of the vote to convene an executive
13 session.

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

15 The Oversight Board shall have an office in the cov-
16 ered territory and additional offices as it sees fit. At any
17 time, any department or agency of the United States may
18 provide the Oversight Board use of Federal facilities and
19 equipment, with partial or no reimbursement, and subject
20 to such terms and conditions as the head of that depart-
21 ment or agency may establish.

22 **SEC. 103. EXECUTIVE DIRECTOR AND STAFF OF OVERSIGHT**
23 **BOARD.**

24 (a) EXECUTIVE DIRECTOR.—The Oversight Board
25 shall have an Executive Director who shall be appointed

1 by the Chair with the consent of the Oversight Board. The
2 Executive Director shall be paid at a rate determined by
3 the Oversight Board.

4 (b) STAFF.—With the approval of the Chair, the Ex-
5 ecutive Director may appoint and fix the pay of additional
6 personnel as the Executive Director considers appropriate,
7 except that no individual appointed by the Executive Di-
8 rector may be paid at a rate greater than the rate of pay
9 for the Executive Director unless the Oversight Board pro-
10 vides for otherwise. Such personnel may include private
11 citizens, employees of the Federal Government, or employ-
12 ees of the territorial government.

13 (c) INAPPLICABILITY OF CERTAIN EMPLOYMENT
14 AND PROCUREMENT LAWS.—

15 (1) CIVIL SERVICE LAWS.—The Executive Di-
16 rector and staff of the Oversight Board may be ap-
17 pointed without regard to the provisions of title 5,
18 United States Code, governing appointments in the
19 competitive service, and paid without regard to the
20 provisions of chapter 51 and subchapter III of chap-
21 ter 53 of that title relating to classification and Gen-
22 eral Schedule pay rates.

23 (2) COVERED TERRITORY EMPLOYMENT AND
24 PROCUREMENT LAWS.—The Executive Director and
25 staff of the Oversight Board may be appointed and

1 paid without regard to any provision of the laws of
2 the covered territory governing appointments and
3 salaries. Any provision of the laws of the covered
4 territory governing procurement shall not apply to
5 the Oversight Board.

6 (d) **STAFF OF FEDERAL AGENCIES.**—Upon request
7 of the Chair, the head of any Federal department or agen-
8 cy may detail, on a reimbursable or nonreimbursable basis,
9 and in accordance with the Intergovernmental Personnel
10 Act of 1970 (42 U.S.C. 4701 et seq.), any of the personnel
11 of that department or agency to the Oversight Board to
12 assist it in carrying out its duties under this Act.

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

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

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

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

5 (c) OBTAINING OFFICIAL DATA.—

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

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

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

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

22 (e) SUBPOENA POWER.—

23 (1) IN GENERAL.—The Oversight Board may
24 issue subpoenas requiring the attendance and testi-
25 mony of witnesses and the production of books,

1 records, correspondence, memoranda, papers, docu-
2 ments, electronic files, metadata, tapes, and mate-
3 rials of any nature relating to any matter under in-
4 vestigation by the Oversight Board. The attendance
5 of witnesses and the production of such materials
6 may be required from any place within the United
7 States at any designated place of hearing within the
8 United States.

9 (2) FAILURE TO OBEY A SUBPOENA.—If a per-
10 son refuses to obey a subpoena issued under para-
11 graph (1), the Oversight Board may apply to the
12 district court for the district for the covered terri-
13 tory or, for any territory that does not have a dis-
14 trict court, to the United States District Court for
15 the District of Hawaii, for an order requiring that
16 person to appear before the Oversight Board to give
17 testimony, produce evidence, or both, relating to the
18 matter under investigation. Any failure to obey the
19 order of the court may be punished by the court as
20 civil contempt.

21 (3) SERVICE OF SUBPOENAS.—The subpoena of
22 the Oversight Board shall be served in the manner
23 provided for subpoenas issued by the district courts
24 under the Federal Rules of Civil Procedure.

1 (f) ADMINISTRATIVE SUPPORT SERVICES.—Upon the
2 request of the Oversight Board, the Administrator of Gen-
3 eral Services shall promptly provide to the Oversight
4 Board, on a reimbursable basis, the administrative sup-
5 port services necessary for the Oversight Board to carry
6 out its responsibilities under this Act.

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

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

22 (i) VOLUNTARY AGREEMENT CERTIFICATION.—

23 (1) IN GENERAL.—If the Oversight Board de-
24 termines in its sole discretion that the covered terri-
25 tory or covered territorial instrumentality has suc-

1 cessfully reached a voluntary agreement with holders
2 of its debt to restructure such debt in a manner that
3 provides for a sustainable level of debt for such cov-
4 ered territory or covered territorial instrumentality
5 and is in conformance with the certified Fiscal Plan
6 as applicable—

7 (A) the Oversight Board shall issue a cer-
8 tification to the applicable covered territory or
9 covered territorial instrumentality that the vol-
10 untary agreement provides for a sustainable
11 level of debt and is in conformance with the ap-
12 plicable certified Fiscal Plan; and

13 (B) the effectiveness of any such voluntary
14 agreement must be conditioned on the Over-
15 sight Board delivering the certification de-
16 scribed in subparagraph (A).

17 (2) PREEXISTING VOLUNTARY AGREEMENTS.—
18 Any voluntary agreements that the territorial gov-
19 ernment has consummated with holders of its debts
20 to restructure such debt for the territorial govern-
21 ment prior to the date of enactment of the Act shall
22 be deemed to be in conformance with the require-
23 ments of this subsection.

24 (j) RESTRUCTURING FILINGS.—

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

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

8 (A) the filing of a petition; or

9 (B) the submission or modification of a
10 plan of adjustment.

11 (3) CONDITION FOR PLANS OF ADJUSTMENT.—
12 The Oversight Board can only certify a plan of ad-
13 justment only if it is consistent with the applicable
14 certified Fiscal Plan.

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

18 (l) PENALTIES.—

19 (1) ACTS PROHIBITED.—Any officer or em-
20 ployee of the territorial government who prepares,
21 presents, or certifies any information or report for
22 the Oversight Board or any of its agents that is in-
23 tentionally false or misleading, or, upon learning
24 that any such information is false or misleading,
25 fails to immediately advise the Oversight Board or

1 its agents thereof in writing, shall be subject to
2 prosecution and penalties under any laws of the ter-
3 ritory prohibiting the provision of false information
4 to government officials, which in the case of Puerto
5 Rico, shall include 33 L.P.R.A. 4889.

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

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

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

24 The Oversight Board, its members, and its employees
25 may not be liable for any obligation of or claim against

1 the Oversight Board or its members or employees or the
2 territorial government resulting from actions taken to
3 carry out this Act.

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

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

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

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

1 before such court, during the time appeal may be taken,
2 or (if appeal is taken) during the period before the court
3 has entered its final order disposing of such action.

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

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

14 **SEC. 107. BUDGET AND FUNDING FOR OPERATION OF**
15 **OVERSIGHT BOARD.**

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

22 (b) FUNDING.—The Oversight Board may use its
23 powers with respect to the Territory Budget of the covered
24 territory to ensure that sufficient funds are available to

1 cover all expenses of the Oversight Board. If the Oversight
2 Board elects to do so—

3 (1) the Oversight Board shall submit to the
4 Governor and the Legislature the budget described
5 in subsection (a); and

6 (2) the territorial government shall designate a
7 dedicated funding source, not subject to subsequent
8 legislative appropriations, sufficient to support the
9 annual expenses of the Oversight Board as deter-
10 mined in the Oversight Board's sole and exclusive
11 discretion.

12 **SEC. 108. AUTONOMY OF THE OVERSIGHT BOARD.**

13 (a) IN GENERAL.—Neither the Governor nor the
14 Legislature may—

15 (1) exercise any control, supervision, oversight,
16 or review over the Oversight Board or its activities;
17 or

18 (2) enact, implement, or enforce any statute,
19 resolution, policy, or rule with respect to the Over-
20 sight Board or its activities.

21 (b) OVERSIGHT BOARD LEGAL REPRESENTATION.—

22 In any action brought by or on behalf of the Oversight
23 Board, and in any action brought by the Oversight Board,
24 the Oversight Board shall be represented by such counsel

1 as it may hire or retain so long as no conflict of interest
2 exists.

3 **SEC. 109. ETHICS.**

4 All members and staff of the Oversight Board shall
5 be subject to—

6 (1) the Federal conflict of interest requirements
7 described in section 2018 of title 18, United States
8 Code; and

9 (2) the financial disclosure requirements under
10 title I of the Ethics in Government Act of 1978 (5
11 U.S.C. app.).

12 **TITLE II—RESPONSIBILITIES OF**
13 **OVERSIGHT BOARD**

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

15 (a) **IN GENERAL.**—As soon as practicable after at
16 least 4 members have been appointed to the Oversight
17 Board in accordance with section 101(e) in the fiscal year
18 in which the Oversight Board is established, and in each
19 fiscal year thereafter during which the Oversight Board
20 is in operation, the Oversight Board shall deliver a notice
21 to the Governor providing a schedule for the process of
22 development, submission, approval, and certification of
23 Fiscal Plans. The notice may also set forth a schedule for
24 revisions to any Fiscal Plan that has already been cer-
25 tified, which revisions must be subject to subsequent ap-

1 proval and certification by the Oversight Board. The Over-
2 sight Board shall consult with the Governor in establishing
3 a schedule, but the Oversight Board shall retain sole dis-
4 cretion to set or, by delivery of a subsequent notice to the
5 Governor, change the dates of such schedule as it deems
6 appropriate and reasonably feasible.

7 (b) REQUIREMENTS.—

8 (1) IN GENERAL.—A Fiscal Plan developed
9 under this section shall, with respect to the terri-
10 torial government or covered territorial instrumen-
11 tality, endeavor to provide a method to achieve fiscal
12 responsibility and access to the capital markets,
13 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
20 projections 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 struc-
2 tural deficits;

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

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

9 (G) enable the achievement of fiscal tar-
10 gets;

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

13 (I) include a debt sustainability analysis;

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

17 (K) to greatest extent feasible, adopt rec-
18 ommendations submitted to the territorial gov-
19 ernment by the Oversight Board under section
20 205(a); and

21 (L) include such additional information as
22 the Oversight Board deems necessary.

23 (2) TERM.—A Fiscal Plan developed under this
24 section shall cover a period of fiscal years as deter-
25 mined by the Oversight Board in its sole discretion

1 but in any case a period of not less than 5 fiscal
2 years from the fiscal year in which it is certified by
3 the Oversight Board.

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

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

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

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

1 (A) satisfies such requirements, the Over-
2 sight Board shall approve the proposed Fiscal
3 Plan; or

4 (B) does not satisfy such requirements, the
5 Oversight Board shall provide to the Gov-
6 ernor—

7 (i) a notice of violation that includes
8 recommendations for revisions to the appli-
9 cable Fiscal Plan; and

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

12 (d) REVISED FISCAL PLAN.—

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

22 (2) DEVELOPMENT BY OVERSIGHT BOARD.—If
23 the Governor fails to submit to the Oversight Board
24 a Fiscal Plan that the Oversight Board determines
25 in its sole discretion satisfies the requirements set

1 forth in subsection (b) by the time specified in the
2 notice delivered under subsection (a), the Oversight
3 Board shall develop and submit to the Governor and
4 the Legislature a Fiscal Plan that satisfies the re-
5 quirements set forth in subsection (b).

6 (e) APPROVAL AND CERTIFICATION.—

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

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

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

1 Fiscal Plan shall serve as the Fiscal Plan for the territory
2 or territorial instrumentality for that fiscal year.

3 **SEC. 202. APPROVAL OF BUDGETS.**

4 (a) REASONABLE SCHEDULE FOR DEVELOPMENT OF
5 BUDGETS.—As soon as practicable after at least 4 mem-
6 bers have been appointed to the Oversight Board in the
7 fiscal year in which the Oversight Board is established,
8 and in each fiscal year thereafter during which the Over-
9 sight Board is in operation, the Oversight Board shall de-
10 liver a notice to the Governor and the Legislature pro-
11 viding a schedule for developing, submitting, approving,
12 and certifying Budgets for a period of fiscal years as de-
13 termined by the Oversight Board in its sole discretion but
14 in any case a period of not less than one fiscal year fol-
15 lowing the fiscal year in which the notice is delivered. The
16 notice may also set forth a schedule for revisions to Budg-
17 ets that have already been certified, which revisions must
18 be subject to subsequent approval and certification by the
19 Oversight Board. The Oversight Board shall consult with
20 the Governor and the Legislature in establishing a sched-
21 ule, but the Oversight Board shall retain sole discretion
22 to set or, by delivery of a subsequent notice to the Gov-
23 ernor and the Legislature, change the dates of such sched-
24 ule as it deems appropriate and reasonably feasible.

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

7 (c) BUDGETS DEVELOPED BY GOVERNOR.—

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

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

19 (i) approve the Budget; and

20 (ii) if the Budget is a Territory Budg-
21 et, submit the Territory Budget to the
22 Legislature; or

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

1 (i) a notice of violation that includes
2 a description of any necessary corrective
3 action; and

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

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

21 (d) BUDGET APPROVAL BY LEGISLATURE.—

22 (1) LEGISLATURE ADOPTED BUDGET.—The
23 Legislature shall submit to the Oversight Board the
24 Territory Budget adopted by the Legislature by the
25 time specified in the notice delivered under sub-

1 section (a). The Oversight Board shall determine
2 whether the adopted Territory Budget is a compliant
3 budget and—

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

8 (B) if the adopted Territory Budget is not
9 a compliant budget, the Oversight Board shall
10 provide to the Legislature—

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

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

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

1 fails to adopt a Territory Budget that the Oversight
2 Board determines is a compliant budget by the time
3 specified in the notice delivered under subsection (a),
4 the Oversight Board shall develop a revised Terri-
5 tory Budget that is a compliant budget and submit
6 it to the Governor and the Legislature.

7 (e) CERTIFICATION OF BUDGETS.—

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

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

1 compliance certification to the Governor for such In-
2 strumentality Budget.

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

13 (A) deemed to be approved by the Gov-
14 ernor and the Legislature;

15 (B) the subject of a compliance certifi-
16 cation issued by the Oversight Board to the
17 Governor and the Legislature; and

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

20 (4) DEEMED CERTIFICATION OF INSTRUMEN-
21 TIALITY BUDGETS.—If the Governor fails to develop
22 an Instrumentality Budget that is a compliant budg-
23 et by the day before the first day of the fiscal year
24 for which the Instrumentality Budget is being devel-
25 oped, the Oversight Board shall submit an Instru-

1 mentality Budget to the Governor (including any re-
2 vision to the Territory Budget made by the Over-
3 sight Board pursuant to that subsection) and such
4 Budget shall be—

5 (A) deemed to be approved by the Gov-
6 ernor;

7 (B) the subject of a compliance certifi-
8 cation issued by the Oversight Board to the
9 Governor; and

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

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

22 **SEC. 203. EFFECT OF FINDING OF NONCOMPLIANCE WITH**
23 **BUDGET.**

24 (a) **SUBMISSION OF REPORTS.**—Not later than 15
25 days after the last day of each quarter of a fiscal year

1 (beginning with the fiscal year determined by the Over-
2 sight Board), the Governor shall submit to the Oversight
3 Board a report, in such form as the Oversight Board may
4 require, describing—

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

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

15 (b) INITIAL ACTION BY OVERSIGHT BOARD.—

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

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

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

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

15 (c) CERTIFICATION OF VARIANCE.—

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

1 tified Budget, and shall describe the nature and
2 amount of the variance.

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

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

20 (1) with respect to the territorial government,
21 other than covered territorial instrumentalities,
22 make appropriate reductions in nondebt expendi-
23 tures to ensure that the actual quarterly revenues
24 and expenditures for the territorial government are
25 in compliance with the applicable certified Territory

1 Budget or, in the case of the fiscal year in which the
2 Oversight Board is established, the budget adopted
3 by the Governor and the Legislature; and

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

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

16 (B)(i) institute automatic hiring freezes at
17 the covered territorial instrumentality; and

18 (ii) prohibit the covered territorial instru-
19 mentality from entering into any contract in ex-
20 cess of \$100,000, or engaging in any financial
21 or other transactions, unless the contract or
22 transaction was previously approved by the
23 Oversight Board.

24 (e) TERMINATION OF BUDGET REDUCTIONS.—The
25 Oversight Board shall cancel the reductions under sub-

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

10 **SEC. 204. REVIEW OF ACTIVITIES TO ENSURE COMPLIANCE**
11 **WITH FISCAL PLAN.**

12 (a) SUBMISSION OF LEGISLATIVE ACTS TO OVER-
13 SIGHT BOARD.—

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

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

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

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

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

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

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

24 (B) the Governor submits a law to the
25 Oversight Board under this subsection that is

1 not accompanied by either a certification de-
2 scribed in paragraph (2)(B) or (2)(C); or

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

8 (4) OPPORTUNITY TO RESPOND TO NOTIFICA-
9 TION.—

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

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

1 consistent with the Fiscal Plan, the Oversight
2 Board shall direct the territorial government
3 to—

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

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

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

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

1 viewing any law subsequently submitted under this
2 subsection.

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

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

17 (2) AUTHORITY TO REVIEW CERTAIN CON-
18 TRACTS.—The Oversight Board may establish poli-
19 cies to require prior Oversight Board approval of
20 certain contracts, including leases, proposed to be
21 executed by the territorial government, to ensure
22 such proposed contracts are not inconsistent with
23 the approved Fiscal Plan.

24 (3) SENSE OF CONGRESS.—It is the sense of
25 Congress that any policies established by the Over-

1 sight Board pursuant to paragraph (2) should be de-
2 signed to make the government contracting process
3 more effective, to increase the public's faith in this
4 process, to make appropriate use of the Oversight
5 Board's time and resources, and to avoid creating
6 any additional bureaucratic obstacles to efficient
7 contracting.

8 (4) AUTHORITY TO REVIEW CERTAIN RULES
9 AND REGULATIONS.—The provisions of this para-
10 graph shall apply with respect to a rule or regulation
11 proposed to be issued by the Governor (or the head
12 of any department or agency of the territorial gov-
13 ernment) in the same manner as such provisions
14 apply to a contract.

15 (5) FAILURE TO COMPLY.—If a contract, rule,
16 or regulation fails to comply with policies established
17 by the Oversight Board under this subsection, the
18 Oversight Board may take such actions as it con-
19 siders necessary to ensure that such contract, rule,
20 or regulation will not adversely affect the territorial
21 government's compliance with the Fiscal Plan, in-
22 cluding by preventing the execution or enforcement
23 of the contract, rule, or regulation.

24 (c) RESTRICTIONS ON REPROGRAMMING OF
25 AMOUNTS IN BUDGET.—

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

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

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

22 (1) comply with a court-issued consent decree
23 with respect to Federal programs;

24 (2) implement a federally-authorized or feder-
25 ally-delegated program; or

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 meet-
5 ing obligations to pay for the pensions of former ter-
6 ritorial government 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
11 are delivered by entities other than the territorial
12 government under alternative service delivery mecha-
13 nisms (including privatization and commercializa-
14 tion);

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

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

21 (9) the improvement of personnel training and
22 proficiency, the adjustment of staffing levels, and
23 the improvement of training and performance of
24 management and supervisory personnel.

1 (b) RESPONSE TO RECOMMENDATIONS BY THE TER-
2 RITORIAL GOVERNMENT.—

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

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

22 (A) specific performance measures to de-
23 termine the extent to which the territorial gov-
24 ernment has adopted the recommendation; and

1 (B) a clear and specific timetable pursuant
2 to which the territorial government will imple-
3 ment the recommendation.

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

16 **SEC. 206. OVERSIGHT BOARD DUTIES RELATED TO RE-**
17 **STRUCTURING.**

18 (a) REQUIREMENTS FOR RESTRUCTURING CERTIFI-
19 CATION.—The Oversight Board, prior to issuing a restruc-
20 turing certification regarding an entity, shall determine,
21 in its sole discretion, that—

22 (1) the territorial government completed the
23 process set forth in title VI;

24 (2) the entity has adopted procedures necessary
25 to deliver timely audited financial statements and

1 draft financial statements and other information suf-
2 ficient for any interested person to perform due dili-
3 gence on the entity's financial condition, which shall
4 exist in the public domain;

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;

12 (4) only if the entity does not receive, as deter-
13 mined in the Oversight Board's sole discretion, 10
14 percent or more of its revenues from the taxing
15 power of the government of the covered territory, the
16 entity is insolvent; and

17 (5) such appropriate consideration is given to
18 relative priority of claims as established by law so
19 that no one group or class of creditors gains an ad-
20 vantage over any other class in which such advan-
21 tage did not exist prior to the Oversight Board's de-
22 termination.

23 (b) ISSUANCE OF RESTRUCTURING CERTIFI-
24 CATION.—The issuance of a restructuring certification
25 under this section, which shall require no less than a vote

1 of 5 members of the Oversight Board in the affirmative,
2 shall satisfy the requirement set forth in section 302(2)
3 of this Act.

4 **SEC. 207. OVERSIGHT BOARD AUTHORITY RELATED TO**
5 **DEBT ISSUANCE.**

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

11 **SEC. 208. REQUIRED REPORTS.**

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

16 (1) the progress made by the territorial govern-
17 ment in meeting the objectives of this Act during the
18 fiscal year;

19 (2) the assistance provided by the Oversight
20 Board to the territorial government in meeting the
21 purposes of this Act during the fiscal year;

22 (3) recommendations to the President and Con-
23 gress on changes to this Act or other Federal laws,
24 or other actions of the Federal Government, that

1 would assist the territorial government in complying
2 with the certified Fiscal Plan;

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

7 (5) any other activities of the Oversight Board
8 during the fiscal year.

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

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

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

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

8 An Oversight Board shall terminate upon certifi-
9 cation by the Oversight Board that—

10 (1) the applicable territorial government has
11 adequate access to short-term and long-term credit
12 markets at reasonable interest rates to meet the bor-
13 rowing needs of the territorial government; and

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

15 (A) the territorial government has devel-
16 oped its Budgets in accordance with modified
17 accrual accounting standards; and

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

1 **SEC. 210. NO FULL FAITH AND CREDIT OF THE UNITED**
2 **STATES.**

3 (a) **IN GENERAL.**—The full faith and credit of the
4 United States is not pledged for the payment of any prin-
5 cipal of or interest on any bond, note, or other obligation
6 issued by the Oversight Board. The United States is not
7 responsible or liable for the payment of any principal of
8 or interest on any bond, note, or other obligation issued
9 by the Oversight Board.

10 (b) **SUBJECT TO APPROPRIATIONS.**—Any claim to
11 which the United States is determined to be liable shall
12 be subject to appropriations.

13 **SEC. 211. ANALYSIS OF PENSIONS.**

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

21 (b) **PROVISIONS OF ANALYSIS.**—An analysis con-
22 ducted under subsection (a) shall include—

23 (1) an actuarial study of the pension liabilities
24 and funding strategy that includes a forward looking
25 projection of payments of at least 30 years of benefit

1 payments and funding strategy to cover such pay-
2 ments ;

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

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

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

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

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

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

18 (a) SECTIONS APPLICABLE TO CASES UNDER THIS
19 TITLE.—Sections 101 (except as otherwise provided in
20 this section), 102, 104, 105, 106, 107, 108, 112, 333,
21 344, 347(b), 349, 350(b), 351, 361, 362, 364(e), 364(d),
22 364(e), 364(f), 365, 366, 501, 502, 503, 504, 506,
23 507(a)(2), 509, 510, 524(a)(1), 524(a)(2), 544, 545, 546,
24 547, 548, 549(a), 549(c), 549(d), 550, 551, 552, 553,
25 555, 556, 557, 559, 560, 561, 562, 902 (except as other-

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

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

19 (c) DEFINITIONS.—In this title—

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

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

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

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

8 (3) PROPERTY OF THE ESTATE.—The term
9 “property of the estate”, when used in a section of
10 title 11 or 28, United States Code, made applicable
11 in a case under this title by subsection (a), means
12 property of the debtor.

13 (4) STATE.—The term “State” when used in a
14 section of title 11, United States Code, made appli-
15 cable in a case under this title by section 301(a)
16 means State or territory when used in reference to
17 the relationship of a State to the municipality of the
18 State or the territorial instrumentality of a territory,
19 as applicable.

20 (5) TRUSTEE.—The term “trustee”, when used
21 in a section of title 11, United States Code, made
22 applicable in a case under this title by subsection
23 (a), means the Oversight Board.

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

1 words of similar import in a section of title 11, United
2 States Code, made applicable in a case under this title
3 by subsection (a) or to “this title”, “title 11”, “the Code”,
4 or words of similar import in a section of title 28, United
5 States Code, made applicable in a case under this chapter
6 by sections 306 or 309 or in the Federal Rules of Bank-
7 ruptcy Procedure made applicable in a case under this title
8 by section 310 shall be deemed to be a reference to this
9 title.

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

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

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

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

22 (1) the entity is—

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

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

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

5 (2) the Oversight Board has issued a certifi-
6 cation under section 206(b) for such entity; and

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

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

12 Subject to the limitations set forth in titles I and II
13 of this Act, this title does not limit or impair the power
14 of a territory to control, by legislation or otherwise, the
15 territory or any territorial instrumentality thereof in the
16 exercise of the political or governmental powers of the ter-
17 ritory or territorial instrumentality, including expendi-
18 tures for such exercise, but—

19 (1) a territory law prescribing a method of com-
20 position or moratorium of indebtedness of the terri-
21 tory or any territorial instrumentality thereof may
22 not bind any creditor that does not consent to the
23 composition or moratorium; and

1 (2) a judgment entered under a law described
2 in paragraph (1) may not bind a creditor that does
3 not consent to the composition.

4 **SEC. 304. PETITION AND PROCEEDINGS RELATING TO PETI-**
5 **TION.**

6 (a) COMMENCEMENT OF CASE.—A voluntary case
7 under this title is commenced by the filing with the district
8 court of a petition by the Oversight Board pursuant to
9 the determination under section 302, provided that an oth-
10 erwise eligible entity may not commence a case under this
11 chapter after the Oversight Board applicable to such eligi-
12 ble entity has been terminated in accordance with section
13 209.

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

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

22 (d) APPEAL.—The court may not, on account of an
23 appeal from an order for relief, delay any proceeding
24 under this title in the case in which the appeal is being

1 taken, or order a stay of such proceeding pending such
2 appeal.

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

7 **SEC. 305. LIMITATION ON JURISDICTION AND POWERS OF**
8 **COURT.**

9 (a) **IN GENERAL.**—Subject to the limitations set
10 forth in titles I and II of this Act, notwithstanding any
11 power of the court, unless the debtor consents or the plan
12 so provides, the court may not, by any stay, order, or de-
13 cree, in the case or otherwise, interfere with—

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

16 (2) any of the property or revenues of the debt-
17 or; or

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

20 **SEC. 306. JURISDICTION.**

21 (a) The district courts shall have original and exclu-
22 sive jurisdiction of a case under this title.

23 (b) Section 157 of title 28, United States Code, shall
24 apply to a case under this title.

1 **SEC. 307. VENUE.**

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

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

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

13 (b) ALTERNATIVE VENUE.—If the oversight Board
14 determines that the venue under paragraph (a) will not
15 adequately provide for proper case management, then
16 venue shall be proper in the district court for the jurisdic-
17 tion in which the Oversight Board maintains an office that
18 is located outside the territory.

19 **SEC. 308. JURISDICTION; REMOVAL; APPEALS.**

20 (a) FEDERAL SUBJECT MATTER JURISDICTION.—
21 Except as provided in section 306 the district courts shall
22 have—

23 (1) except as provided in paragraph ⁽²⁾~~(2)~~, the
24 district court shall have original and exclusive juris-
25 diction of all cases under this title;

✓

1 (2) except as provided in paragraph ⁽³⁾~~(30)~~ and
2 notwithstanding any Act of Congress that confers
3 exclusive jurisdiction on a court or courts other than
4 the district courts, the district courts shall have
5 original but not exclusive jurisdiction of all civil pro-
6 ceedings arising under this title, or arising in or re-
7 lated to cases under this title; and

8 (3) the district court in which a case under this
9 title is commenced or is pending shall have exclusive
10 jurisdiction of all property, wherever located, of the
11 debtor as of the commencement of such case.

12 (b) **PERSONAL JURISDICTION.**—The district court in
13 which a case under this title is pending shall have personal
14 jurisdiction over any person or entity to the fullest extent
15 permitted under the Constitution of the United States.

16 **SEC. 309. APPELLATE REVIEW.**

17 Sections 158(a) and (d) of title 28, United States
18 Code, shall apply to a case under this title.

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

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

23 **SEC. 311. LEASES.**

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

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

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

6 (a) **EXCLUSIVITY.**—Only the debtor, upon the
7 issuance of a certification by the Oversight Board pursu-
8 ant to section 104(j), may file a plan of adjustment of
9 the debts of the debtor.

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

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

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

21 **SEC. 314. CONFIRMATION.**

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

24 (b) **CONFIRMATION.**—The court shall confirm the
25 plan if—

1 (1) the plan complies with the provisions of title
2 11 of the United States Code, made applicable to a
3 case under this title by section 301;

4 (2) the plan complies with the provisions of this
5 title;

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

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

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

20 (6) the plan is in the best interests of creditors
21 and is feasible;

22 (7) the plan is consistent with the applicable
23 Fiscal Plan certified by the Oversight Board under
24 title II; and

1 (8) all amounts to be paid by the debtor or any
2 person for services or expenses in the case or inci-
3 dent to the plan have been fully disclosed and are
4 reasonable.

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

6 (a) ACTIONS OF OVERSIGHT BOARD.—Subject to sec-
7 tions 303 and 307, for the purposes of this title, the Over-
8 sight Board may take any action necessary on behalf of ✓
9 the debtor to prosecute the case of the debtor, including—

10 (1) filing a petition under section 304;

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
17 the debtor.

18 **TITLE IV—MISCELLANEOUS**
19 **PROVISIONS**

20 **SEC. 401. RULES OF CONSTRUCTION.**

21 Nothing in this Act is intended, or may be con-
22 strued—

23 (1) to limit the authority of Congress to exer-
24 cise ultimate legislative authority over the territories;

1 (2) to authorize the application of section
2 103(e) of this Act (relating to issuance of sub-
3 poenas) to judicial officers or employees of territory
4 courts;

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

10 (4) to alter, amend, or abrogate the treaties of
11 cession regarding certain islands of American Samoa
12 (48 U.S.C. 1661).

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

15 Nothing in this Act shall be interpreted to restrict
16 Puerto Rico's right to determine its future political status,
17 including by conducting the plebiscite as authorized by
18 Public Law 113-76.

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

20 Section 6(g) of the Fair Labor Standards Act of
21 1938 (29 U.S.C. 206(g)) is amended—

22 (1) in paragraph (1)—

23 (A) by striking “subsection (a)(1), any em-
24 ployer” and inserting “subsection (a)(1)—

25 “(A) any employer”;

1 (B) by striking the period at the end and
2 inserting “; and”; and

3 (C) by adding at the end the following:

4 “(B) the Governor of Puerto Rico, subject
5 to the approval of the Financial Oversight and
6 Management Board established pursuant to sec-
7 tion 101 of the Puerto Rico Oversight, Manage-
8 ment, and Economic Stability Act, may des-
9 ignate a time period not to exceed five years
10 during which employers in Puerto Rico may pay
11 employees who are initially employed after the
12 date of enactment of such Act a wage which is
13 not less than \$4.25 an hour.”; and

14 (2) in paragraph (4), by striking “years” and
15 inserting “years, except in the case of the wage ap-
16 plicable in Puerto Rico, 25 years”.

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

18 The regulations issued by the Secretary of Labor re-
19 lating to exemptions regarding the rates of pay for execu-
20 tive, administrative, professional, outside sales, and com-
21 puter employees, and published in the Federal Register
22 on July 6, 2015, shall have no force or effect in the Com-
23 monwealth of Puerto Rico.

1 **SEC. 405. LAND CONVEYANCE AUTHORITY, VIEQUES NA-**
 2 **TIONAL WILDLIFE REFUGE, VIEQUES ISLAND.**

3 Section 1508(e) of the Floyd D. Spence National De-
 4 fense Authorization Act for Fiscal Year 2001 (as enacted
 5 into law by Public Law 106-398; 114 Stat. 1654A-356)
 6 is amended—

7 (1) by striking “The Secretary” and inserting
 8 the following:

9 “(1) IN GENERAL.—Except as provided in para-
 10 graph (2), the Secretary”; and

11 (2) by adding at the end the following new
 12 paragraph:

13 “(2) CONVEYANCE AUTHORITY.—

14 “(A) CONVEYANCE AUTHORIZED ~~PER~~ ^{POSE} ✓
 15 ~~POSE~~.—Except as provided in subparagraph
 16 (B), the Secretary of the Interior is authorized
 17 to convey, without consideration, all or any por-
 18 tion of the Conservation Zones transferred to
 19 the Secretary under subsection (a) to the Com-
 20 monwealth of Puerto Rico ^{for the purpose} specified in subpara- ✓
 21 graph (B). The conveyance shall be subject to
 22 interest^s retained pursuant to section 1506 of ✓
 23 this Act. ✓ ✓

24 “(B) CERTAIN LANDS EXCLUDED.—The
 25 conveyance authority provided by this para-
 26 graph does not include the land encompassing

1 Solid Waste Management Unit 4, as depicted
2 on the map of former Naval Ammunition Sup-
3 port Detachment, Vieques, maintained by the
4 Naval Facilities Engineering Command.

5 “(C) INDEMNIFICATION.—The indem-
6 nification requirements and conditions specified
7 in section 1502(e) of this Act shall apply with
8 respect to the release or threatened release
9 (after the conveyance is made under this para-
10 graph) of any hazardous substance or pollutant
11 or contaminant as a result of Department of
12 Defense activities on the conveyed property.

13 “(D) RELATION TO COOPERATIVE AGREE-
14 MENT.—The cooperative agreement entered into
15 under subsection (d)(1) shall no longer apply to
16 any portion of the Conservation Zones conveyed
17 by the Secretary of the Interior under this
18 paragraph.

19 “(E) RELATION TO OTHER LAWS.—Noth-
20 ing in this paragraph shall be construed to af-
21 fect the continued applicability of section
22 120(h) of the Comprehensive Environmental
23 Response, Compensation, and Liability Act of
24 1980 (42 U.S.C. 9620(h)) and the Endangered
25 Species Act of 1973 (16 U.S.C. 1531 et seq.)

1 to any portion of the Conservation Zones con-
2 veyed by the Secretary of the Interior under
3 this paragraph.”.

4 **SEC. 406. AUTOMATIC STAY UPON ENACTMENT.**

5 (a) DEFINITIONS.—In this section:

6 (1) LIABILITY.—The term “Liability” means a
7 bond, loan, letter of credit, other borrowing title, ob-
8 ligation of insurance, or other indebtedness, includ-
9 ing rights, entitlements, or obligations whether such
10 rights, entitlements, or obligations arise from con-
11 tract, statute, or any other source of law, in any
12 case, related to such a bond, loan, letter of credit,
13 other borrowing title, obligation of insurance, or
14 other indebtedness in physical or dematerialized
15 form, of which—

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

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

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

22 (A) right to payment, whether or not such
23 right is reduced to judgment, liquidated, unliq-
24 uidated, fixed, contingent, matured, unmatured,

1 disputed, undisputed, legal, equitable, secured,
2 or unsecured; or

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

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

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

24 (2) the enforcement, against the Government of
25 Puerto Rico or against property of the Government

1 of Puerto Rico, of a judgment obtained before the
2 enactment of this Act;

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

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

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

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

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

21 (c) STAY NOT OPERABLE.—The establishment of an
22 Oversight Board for the Commonwealth of Puerto Rico
23 in accordance with section 101 does not operate as a stay
24 solely under subsection (b)(1) of this section, of the con-
25 tinuation of, including the issuance or employment of

1 process, of a judicial, administrative, or other action or
2 proceeding against the Government of Puerto Rico that
3 was commenced on or before December 18, 2015.

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

7 (1) February 15, 2017; or

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

14 (e) JURISDICTION.—

15 (1) The United States District Court for the
16 District of Puerto Rico shall have original and exclu-
17 sive jurisdiction of any civil actions arising under
18 this section.

19 (2) On motion of a party in interest and after
20 notice and a hearing, the United States District
21 Court for the District of Puerto Rico, for cause
22 shown, shall grant relief from the stay provided
23 under subsection (b) of this section.

24 (f) TERMINATION OF STAY; HEARING.—Thirty days
25 after a request under subsection (e) for relief from the

1 stay of any act against property of the Government of
2 Puerto Rico under subsection (b), such stay is terminated
3 with respect to the party in interest making such request,
4 unless the court, after notice and a hearing, orders such
5 stay continued in effect pending the conclusion of, or as
6 a result of, a final hearing and determination under sub-
7 section (e). A hearing under this subsection may be a pre-
8 liminary hearing, or may be consolidated with the final
9 hearing under subsection (e). The court shall order such
10 stay continued in effect pending the conclusion of the final
11 hearing under subsection (e) if there is a reasonable likeli-
12 hood that the party opposing relief from such stay will
13 prevail at the conclusion of such final hearing. If the hear-
14 ing under this subsection is a preliminary hearing, then
15 such final hearing shall be concluded not later than thirty
16 days after the conclusion of such preliminary hearing, un-
17 less the 30-day period is extended with the consent of the
18 parties in interest or for a specific time which the court
19 finds is required by compelling circumstances.

20 (g) RELIEF TO PREVENT IRREPARABLE DAMAGE.—
21 Upon request of a party in interest, the court, with or
22 without a hearing, shall grant such relief from the stay
23 provided under subsection (b) as is necessary to prevent
24 irreparable damage to the interest of an entity in property,
25 if such interest will suffer such damage before there is

1 an opportunity for notice and a hearing under subsection
2 (e) or (f).

3 (h) NO FORCE OR EFFECT OF STAY IN VIOLA-
4 TION.—No order, judgment, or decree entered in violation
5 of this section shall have any force or effect.

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

10 (1) the directors and officers of and employees
11 acting in their official capacity on behalf of the Gov-
12 ernment of Puerto Rico; and

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

16 (j) NO DEFAULT UNDER EXISTING CONTRACTS.—

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

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

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

5 (B) with respect to Liability Claims—

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

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

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

14 (A) setoff;

15 (B) apply or appropriate funds;

16 (C) seek the appointment of a custodian;

17 (D) seek to raise rates; or

18 (E) exercise control over property of the
19 Government of Puerto Rico.

20 (3) Notwithstanding any contractual provision
21 or applicable law to the contrary and so long as a
22 stay under this section is in effect, a contract to
23 which the Government of Puerto Rico is a party may
24 not be terminated or modified, and any right or obli-
25 gation under such contract may not be terminated

1 or modified, solely because of a provision in such
2 contract is conditioned on—

3 (A) the insolvency or financial condition of
4 the Government of Puerto Rico at any time
5 prior to the effectiveness of the stay under this
6 section;

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

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

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

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

11 (1) FINDINGS.—Congress finds the following:

12 (1) A combination of severe economic decline,
13 accumulated operating deficits, lack of financial
14 transparency, management inefficiencies, and exces-
15 sive borrowing has created a fiscal emergency in
16 Puerto Rico.

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

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

24 (4) A comprehensive approach to fiscal, man-
25 agement, and structural problems and adjustments

1 that exempts no part of the Government of Puerto
2 Rico is necessary, involving independent oversight
3 and a federal statutory authority for the Govern-
4 ment of Puerto Rico to restructure debts in a fair
5 and orderly process.

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

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

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

1 best possible outcome absent the provisions of
2 this Act.

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

8 (m) PURPOSES.—The purposes of this Act are to—

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

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

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

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

1 (5) benefit the lives of 3.5 million American
2 citizens living in Puerto Rico by encouraging the
3 Government of Puerto Rico to resolve its long-
4 standing fiscal governance issues and return to eco-
5 nomic growth.

6 **SEC. 407. PURCHASES BY TERRITORY GOVERNMENTS.**

7 The text of section 1469e of title 48, United States
8 Code, is deleted in its entirety and replaced with “The
9 Governments of Puerto Rico, Guam, American Samoa, the
10 Commonwealth of the Northern Mariana Islands, and the
11 United States Virgin Islands are authorized to make pur-
12 chases through the General Services Administration.”.

13 **SEC. 408. INTERVENTION IN LITIGATION.**

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

17 (b) INJUNCTIVE RELIEF.—

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

22 (2) NO INDEPENDENT BASIS FOR RELIEF.—

23 This section does not create an independent basis on
24 which injunctive relief, including a stay of litigation,
25 may be granted.

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

3 **SEC. 501. DEFINITIONS.**

4 In this title:

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

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

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

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

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

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

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

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

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

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

1 mental Subcommittee” means the Interagency Sub-
2 committee on Expedited Environmental Regulations
3 as further described by section 504, and adopted
4 pursuant to this title.

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

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

12 (12) PUERTO RICO AGENCY OR AGENCIES.—
13 The terms “Puerto Rico Agency” or “Puerto Rico
14 Agencies” means any board, body, Board of exam-
15 iners, public corporation, commission, independent
16 office, division, administration, bureau, department,
17 authority, official, person, entity, municipality, or
18 any instrumentality of the Commonwealth of Puerto
19 Rico, or an administrative body authorized by law to
20 perform duties of regulating, investigating, or that
21 may issue a decision, or with the power to issue li-
22 censes, certificates, permits, concessions, accredita-
23 tions, privileges, franchises, except the Senate and
24 the House of Representatives of the Legislature and
25 the judicial branch.

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

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

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

9 (b) APPOINTMENT.—

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

12 (A) Prior to the appointment of the Revi-
13 talization Coordinator, the Oversight Board
14 shall submit to the Governor no less than three
15 nominees for appointment within 60 days of the
16 appointment of at least 4 members to the Over-
17 sight Board.

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

24 (C) If the Governor fails to select a Revi-
25 talization Coordinator, the Oversight Board

1 shall, by majority vote, select a Revitalization
2 Coordinator from the list of nominees provided
3 under paragraph (A).

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

7 (A) have substantial knowledge and exper-
8 tise in the planning, predevelopment, financing
9 and development of infrastructure projects, pro-
10 vided that stronger consideration shall be given
11 to candidates who have experience with Energy
12 Projects;

13 (B) does not currently provide, or in the
14 preceding 3 calendar years provided, goods or
15 services to the government of Puerto Rico (and,
16 as applicable, is not the spouse, parent, child,
17 or sibling of an individual who provides or has
18 provided goods and services to the government
19 of Puerto Rico in the preceding 3 calendar
20 years); and

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

24 (3) COMPENSATION.—The Revitalization Coor-
25 dinator shall be compensated at an annual rate de-

1 terminated by the Oversight Board sufficient in the
2 judgment of the Oversight Board to obtain the serv-
3 ices of an individual with the skills and experience
4 required to discharge the duties of the position, but
5 such compensation shall not exceed the annual sal-
6 ary of the Executive Director's.

7 (c) ASSIGNMENT OF PERSONNEL.—The Executive
8 Director of the Oversight Board may assign Oversight
9 Board personnel to assist the Revitalization Coordinator.

10 (d) REMOVAL.—

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

14 (2) TERMINATION OF POSITION.—Upon the ter-
15 mination of the Oversight Board, the position of the
16 Revitalization Coordinator shall be terminated once
17 all approved Critical Projects have been completed.

18 **SEC. 503. CRITICAL PROJECTS.**

19 (a) IDENTIFICATION OF PROJECTS.—

20 (1) PROJECT SUBMISSION.—Any project spon-
21 sor may submit, so long as the Oversight Board is
22 in operation, any existing, ongoing, or proposed
23 project to the Revitalization Coordinator. The Revi-
24 talization Coordinator shall require such submission
25 to include:

1 (A) ^{the} ~~The~~ impact the project will have on an
2 emergency; ;

3 (B) ^{the} ~~The~~ availability of immediate private
4 capital or other funds, including, loan guaran-
5 tees, loans, or grants, to implement, ^{operate, or maintain} the project; ;

6 (C) ^{environmental and economic} ~~Economic~~ benefits provided by the
7 project, including the number of jobs to be cre-
8 ated; ;

9 (D) ^{the} ~~The~~ status of the project if it is exist-
10 ing or ongoing; ; and

11 (E) ⁱⁿ ~~in~~ addition to the requirements found
12 in subparagraphs (A) through (D), the Revital-
13 ization Coordinator may ^{request an Energy} ~~require the following~~
14 ^{Project proponent to address} ~~criteria for Energy Projects~~ and how the project
15 will—

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

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

20 (iii) expedite the diversification and
21 conversion of fuel sources for electric gen-
22 eration from oil to natural gas, and renew-
23 ables in Puerto Rico;

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

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

7 (vi) ~~support the Energy Commission~~
8 ~~of Puerto Rico in its goals, including the~~
9 ~~goal to reduce~~ energy costs ^{lower for rate payers} and increase
10 the availability of affordable energy; and

11 (vii) achieve in whole or in part the
12 recommendations of the study in section
13 505(d) of this title.

(2) Identification of relevant Puerto Rico Agencies. — Within 20 days of receiving a project submission under paragraph (1), the Revitalization Coordinator shall, in consultation with the Governor, identify all Puerto Rico Agencies that will have a role in the permitting, approval, authorizing, or other activity related to the development of such project submission.

3
(2) CERTIFICATION OF EXPEDITED PERMIT-

TING PROCESS.—

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

(B) FAILURE TO PROVIDE EXPEDITED PERMITTING PROCESS.—If a Puerto Rico Agency fails to provide an Expedited Permitting Process within 20 days of receiving a project

1 submission, the Revitalization Coordinator
2 shall—

3 (i) consult with the Governor to de-
4 velop within ²⁰~~10~~ days an Expedited Permit-
5 ting Process for the Agency; and

6 (ii) require such Puerto Rico Agency
7 to implement the Expedited Permitting
8 Process developed under clause (i). ^{for critical projects}

9 (b) CRITICAL PROJECT REPORT.—

10 (1) IN GENERAL.—For each submitted project,

11 the Revitalization Coordinator in consultation with

12 ^{Governor and} the relevant Puerto Rico Agencies identified in sub-
13 section (a)²~~(1)~~

14 shall develop a Critical Project Report ^{of the identification of relevant Puerto Rico Agencies}
15 within 60 days ~~from the submission of the project, under subsection (a)(2).~~

16 which shall include:

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

19 (B) A recommendation by the Governor on
20 whether the project should be considered a Crit-
21 ical Project. If the Governor fails to provide a
22 recommendation, the failure shall constitute a
23 concurrence with the Revitalization Coordina-
tor's recommendation in subparagraph ^D~~(C)~~.

(C) In the case of an Energy Project that will connect with the Puerto Rico Electric Power Authority's transmission or distribution facilities, a recommendation by the Energy Commission of Puerto Rico. If no such recommendation is provided, such failure shall constitute a concurrence with the Revitalization Coordinator's recommendation in subparagraph (D)

D

1 (⊖) A recommendation by the Revitaliza-
2 tion Coordinator on whether the project should
3 be considered a Critical Project.

4 (2) SUBMISSION TO OVERSIGHT BOARD.—Not
5 later than 5 days after finalizing a Critical Project
6 Report, the Revitalization Coordinator shall submit
7 it to the Oversight Board.

8 (c) ACTION BY THE OVERSIGHT BOARD.—Not later
9 than 30 days after receiving the Critical Project Report,
10 the Oversight Board, by majority vote, shall approve or
11 disapprove the project as a Critical Project, if the Over-
12 sight Board—

13 (1) approves the project, the project shall be
14 deemed a Critical Project;

15 (2) disapproves the project, the Oversight
16 Board shall submit to the Revitalization Coordinator
17 in writing the reasons for disapproval; and

18 (3) fails to act and the Revitalization Coordi-
19 nator had recommended the project be deemed a
20 Critical Project, then the project shall be deemed a
21 Critical Project.

22 **SEC. 504. MISCELLANEOUS PROVISIONS.**

23 (a) CREATION OF INTERAGENCY ENVIRONMENTAL
24 SUBCOMMITTEE.—

1 (1) ESTABLISHMENT.—Not later than 60 days
 2 after the date on which the Revitalization Coordi-
 3 nator is appointed, the Interagency Environmental
 4 Subcommittee shall be established and shall evaluate
 5 environmental documents required under Puerto
 6 Rico law for any Critical Project within the Expedi-
 7 ted Permitting Process established by the Revital-
 8 ization Coordinator under section 503(a)(2).

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

19 (b) REGULATIONS, ORDERS, AND CONTRACTS.—The
 20 Oversight Board shall approve or disapprove of any action
 21 taken by the Governor pursuant to or mirroring section
 22 11 of Act 76 (3 L.P.R.A. 1941) pursuant to section
 23 204(b).

With respect to a
 Puerto Rico
 Agency's activities
 related to only a

24 (c) LENGTH OF EXPEDITED PERMITTING PROC-
 25 ESS.—~~For each~~ Critical Project, ^{Such} Puerto Rico ~~Agencies~~ ^{Agency}

1 shall operate as if the Governor has declared an emergency
2 pursuant to section 2 of Act 76 (3 L.P.R.A. 1932). Sec-
3 tion 12 of Act 76 (3 L.P.R.A. 1942) shall not be applica-
4 ble to Critical Projects. Critical Projects shall be
5 prioritized to the maximum extent possible in each Puerto
6 Rico Agency.

7 (d) EXPEDITED PERMITTING PROCESS COMPLI-
8 ANCE.—

9 (1) WRITTEN NOTICE.—A Critical Project
10 sponsor may in writing notify the Oversight Board
11 of a Puerto Rico Agency's, or the Revitalization Co-
12 ordinator's failure to adhere to the Expedited Per-
13 mitting Process.

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

22 (e) REVIEW OF LEGISLATURE ACTS.—

23 (1) SUBMISSION OF ACTS TO OVERSIGHT
24 BOARD.—The Legislature shall notify and submit to
25 the Revitalization Coordinator and Oversight Board

1 any Act of the Legislature that may affect the Expedited Permitting Process pursuant to section 204(a).

2
3 (2) FINDING OF OVERSIGHT BOARD.—Upon receipt of an act from the Legislature under paragraph (1), the Oversight Board shall promptly review whether the proposed act would significantly impact the Expedited Permitting Process, and upon such a finding, the act shall be deemed to be significantly inconsistent with the Fiscal Plan and Budget as identified by section 204(a).

11 (f) ESTABLISHMENT OF CERTAIN TERMS AND CONDITIONS.—No Puerto Rico Agency may include in any certificate, right-of-way, permit, lease, or other authorization issued for a Critical Project any term or condition that may be permitted, but is not required, by any applicable Puerto Rico law, if the Revitalization Coordinator determines the term or condition would prevent or impair the expeditious construction, operation, or expansion of the Critical Project. The Revitalization Coordinator may request a Puerto Rico Agency to include any certificate, right-of-way, permit, lease, or other authorization, term or condition, that may be permitted in accordance with applicable laws if the Revitalization Coordinator determines such inclusion would support the expeditious construction, operation, or expansion of any Critical Project.

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

1 **SEC. 505. FEDERAL AGENCY REQUIREMENTS.**

2 (a) **FEDERAL POINTS OF CONTACT.**—At the request
3 of the Revitalization Coordinator and within 30 days of
4 receiving such a request, each Federal agency with juris-
5 diction over the permitting, or administrative or environ-
6 mental review of private or public projects on Puerto Rico,
7 shall name a Point of Contact who will serve as that agen-
8 cy's liaison with the Revitalization Coordinator.

9 (b) **FEDERAL GRANTS AND LOANS.**—For each Crit-
10 ical Project with a pending or potential Federal grant,
11 loan, or loan guarantee application, the Revitalization Co-
12 ordinator and the relevant Point of Contact shall cooper-
13 ate with each other to ensure expeditious review of such
14 application.

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

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

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

5 (2) in subsection (b)—

6 (A) by inserting “(except in the case of
7 Puerto Rico, in which case not later than 180
8 days after the date of enactment of the Puerto
9 Rico Oversight, Management, and Economic
10 Stability Act)” after “of this Act”; and

11 (B) by inserting “(except in the case of
12 Puerto Rico)” after “Empowering Insular Com-
13 munities activity”.

14 **SEC. 506. JUDICIAL REVIEW.**

15 (a) ~~EXCLUSIVE JURISDICTION.—Except on petition~~
16 ~~to the United States Supreme Court, the United States~~
17 ~~District Court for the District of Puerto Rico shall have~~
18 ~~original and exclusive jurisdiction to determine the ade-~~
19 ~~quacy of any environmental review with respect to any ac-~~
20 ~~tion under this title.~~

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

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

12 **SEC. 507. SAVINGS CLAUSE.**

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

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

17 **SEC. 601. CREDITOR COLLECTIVE ACTION.**

18 (a) DEFINITIONS.—In this title:

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

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

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

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

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

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

21 (7) ISSUER.—The term “Issuer” means, as ap-
22 plicable, the Territory Government Issuer or an Au-
23 thorized Territorial Instrumentality that has issued
24 or guaranteed at least one Bond that is Out-
25 standing.

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

6 (9) OUTSTANDING.—The term “Outstanding,”
7 in the context of the principal amount of Bonds,
8 shall be determined in accordance with subsection
9 (b).

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

12 (A) for a Bond that is not a Capital Ap-
13 preciation Bond or a Convertible Capital Appre-
14 ciation Bond, the outstanding principal amount
15 of such Bond; and

16 (B) for a Bond that is a Capital Apprecia-
17 tion Bond or a Convertible Capital Appreciation
18 Bond, the current accreted value of such Cap-
19 ital Appreciation Bond or a Convertible Capital
20 Appreciation Bond, as applicable.

21 (11) POOL.—The term “Pool” means a pool es-
22 tablished in accordance with subsection (d).

23 (12) QUALIFYING MODIFICATION.—The term
24 “Qualifying Modification” means a Modification pro-
25 posed in accordance with subsection (g).

1 (13) SECURED POOL.—The term “Secured
2 Pool” means a Pool established in accordance with
3 subsection (d) consisting only of Bonds that are se-
4 cured by a lien on property.

5 (14) TERRITORY GOVERNMENT ISSUER.—The
6 term “Territory Government Issuer” means the gov-
7 ernment of the Commonwealth of Puerto Rico.

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

16 (1) the Bond has previously been cancelled or
17 delivered for cancellation or is held for reissuance
18 but has not been reissued;

19 (2) the Bond has previously been called for re-
20 demption in accordance with its terms or previously
21 become due and payable at maturity or otherwise
22 and the Issuer has previously satisfied its obligation
23 to make, or provide for, all payments due in respect
24 of the Bond in accordance with its terms;

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

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

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

21 (c) CERTIFICATION OF DISENFRANCHISED BONDS.—
22 Prior to any vote on, or consent solicitation for, a Quali-
23 fying Modification, the Issuer shall deliver to the Calcula-
24 tion Agent a certificate signed by an authorized represent-
25 ative of the Issuer specifying any Bonds that are deemed

1 not to be Outstanding for the purpose of subsection (b)
2 above.

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

6 (1) ^{not} ~~Not~~ less than one Pool shall be established
7 for each Issuer;

8 (2) ^a ~~A~~ Pool that contains one or more Secured
9 Bonds shall be a Secured Pool.; and

10 (3) ^{the} ~~The~~ Administrative Supervisor shall estab-
11 lish Pools according to the following principles:

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

24 (B) ^{for} ~~For~~ each Issuer that has issued senior
25 and subordinated Bonds, separate Pools shall

1 be established for the senior and subordinated
2 Bonds corresponding to the relative priority or
3 security arrangements;

4 (C) ^{for} ~~For~~ each Issuer that has issued mul-
5 tiple Bonds, for at least some of which a guar-
6 antee of repayment has been provided by the
7 Territory Government Issuer, separate Pools
8 shall be established for guaranteed and non-
9 guaranteed Bonds;

10 (D) ^{subject} ~~Subject~~ to the other requirements con-
11 tained in this section, for each Issuer that has
12 issued multiple Bonds, for at least some of
13 which a dedicated revenue stream has been
14 pledged for repayment, separate Pools for such
15 Issuer shall be established as follows:—

16 (i) ^{for} ~~For~~ each dedicated revenue stream
17 that has been pledged for repayment, not
18 less than one Secured Pool for Bonds for
19 which such revenue stream has been
20 pledged, and separate Secured Pools shall
21 be established for Bonds of different pri-
22 ority; ^{and}

23 (ii) ^{not} ~~Not~~ less than one Pool for all
24 other Bonds issued by the Issuer for which

1 a dedicated revenue stream has not been
2 pledged for repayment;

3 (E) ^{the} ~~The~~ Administrative Supervisor shall
4 not place into separate Pools Bonds of the same
5 Issuer that have identical rights in security or
6 priority.

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

12 (f) INFORMATION DELIVERY REQUIREMENT.—Be-
13 fore a Qualifying Modification to solicit the consent or the
14 vote of any holder for a Qualifying Modification is sub-
15 mitted, the Issuer shall—

16 (1) provide to the Calculation Agent, the Infor-
17 mation Agent, and the Administrative Supervisor,
18 the following information—

19 (A) a description of the Issuer's economic
20 and financial circumstances which are, in the
21 Issuer's opinion, relevant to the request for the
22 proposed Qualifying Modification, a description
23 of the Issuer's existing debts, a description of
24 the impact of the proposed Qualifying Modifica-

1 tion on the Territory's or its territorial instru-
2 mentalities' public debt;

3 (B) if the Issuer is seeking Modifications
4 affecting any other Pools of Bonds of the Terri-
5 tory Government Issuer or its Authorized Terri-
6 torial Instrumentalities, a description of such
7 other Modifications; and

8 (C) the applicable Fiscal Plan certified in
9 accordance with section ²⁰¹~~203~~; and

10 (2) not propose the Modification to the holders
11 of Bonds in the Pool for which the Modification is
12 being proposed until it has received a certification
13 from the Administrative Supervisor that the Pool
14 has been established in accordance with this section
15 and that the proposed Modification is a Qualifying
16 Modification.

17 (g) QUALIFYING MODIFICATION.—A Modification
18 will not be considered to be Qualifying Modification un-
19 less—

20 (1) the Issuer proposing the Modification has
21 consulted with holders of Bonds in the Pool for
22 which the Modification is being proposed prior to so-
23 liciting a vote on such Modification;

24 (2) each exchanging, repurchasing, converting,
25 or substituting holder of Bonds of any series in a

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

22 (3) if the Modification relates to Bonds in a Se-
23 cured Pool, the holders of such Bonds retain the
24 liens securing such Bonds and the Modification does

1 not reduce the Outstanding Principal amount of
2 such Bonds; and

3 (4) the Modification is certified by the Adminis-
4 trative Supervisor as—

5 (A) the plan is in the best interests of
6 creditors and is feasible; and

7 (B) being consistent with the applicable
8 Fiscal Plan that has been certified under sec-
9 tion 20¹~~3~~; or

10 (C) if an applicable Fiscal Plan has not yet
11 been certified by the Administrative Supervisor,
12 being an appropriate Modification, in the Ad-
13 ministrative Supervisor's sole discretion.

14 (h) SOLICITATION.—

15 (1) Upon receipt of a certification from the Ad-
16 ministrative Supervisor under subsection (f)(2) that
17 a proposed Modification is a Qualifying Modification,
18 the Information Agent shall, if practical and except
19 as provided in paragraph (2), submit to the holders
20 of any Outstanding Bonds affected by such Quali-
21 fying Modification, including holders of the right to
22 vote such Outstanding Bonds, the information sub-
23 mitted by the relevant issuer under subsection (f)(1)
24 in order to solicit the vote or consent of such hold-
25 ers.

1 (2) If the Information Agent is unable to iden-
2 tify the address of holders of any Outstanding
3 Bonds affected by a Qualifying Modification, the In-
4 formation Agent may solicit the vote or consent of
5 such holders by—

6 (A) delivering the solicitation to the paying
7 agent for any affected Outstanding Bonds or
8 Depository Trust Corporation if it serves as the
9 clearing system for any affected Outstanding
10 Bonds; or

11 (B) delivering or publishing the solicitation
12 by whatever additional means the Information
13 Agent, after consultation with the Issuer, deems
14 necessary and appropriate in order to make a
15 reasonable effort to inform holders of any af-
16 fected Outstanding Bonds of the Qualifying
17 Modification which may include, notice by mail,
18 publication in electronic media, publication on a
19 website of the Issuer, or publication in news-
20 papers of national circulation in the United
21 States and in a newspaper of general circula-
22 tion in the Commonwealth of Puerto Rico.

23 (i) VOTING.—For each Pool, any Qualifying Modi-
24 fication may be proposed only by the Issuer and made,
25 and future compliance therewith may be waived, with the

1 written consent of the Issuer and the affirmative vote or
2 consent of holders of the right to vote the Outstanding
3 Bonds of at least two-thirds of the aggregate Outstanding
4 Principal amount of the Outstanding Bonds of all Bonds
5 in the Pool.

6 (j) CALCULATION AGENT.—For the purpose of calcu-
7 lating the principal amount of the Bonds of any series eli-
8 gible to participate in such a vote or consent solicitation
9 and tabulating such votes or consents, the Territory Gov-
10 ernment Issuer may appoint a Calculation Agent for each
11 Pool reasonably acceptable to the Administrative Super-
12 visor.

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

21 (l) BINDING EFFECT.—

22 (1) For each Pool, a Qualifying Modification
23 will be conclusive and binding on all holders of the
24 relevant series of Bonds or all holders of all series
25 of Bonds whether or not they have given such con-

1 sent, and on all future holders of those Bonds
2 whether or not notation of such Qualifying Modifica-
3 tion is made upon the Bonds, if—

4 (A) the holders of the right to vote the
5 Outstanding Bonds in such Pool pursuant to
6 subsection (i) have consented to or approved the
7 Qualifying Modification;

8 (B) each holder who has not consented to
9 or approved the Qualifying Modification will re-
10 ceive or retain under the Qualifying Modifica-
11 tion on account of their claims, property of a
12 value, as of the effective date of the Qualifying
13 Modification, that is not less than the amount
14 that such holders would so receive or retain if
15 there were no Qualifying Modification;

16 (C) the Administrative Supervisor certifies
17 that—

18 (i) the voting requirements of this sec-
19 tion have been satisfied;

20 (ii) the Qualifying Modification is—

21 (I) consistent with the applicable
22 Fiscal Plan that has been certified
23 under section 203; or

24 (II) if an applicable Fiscal Plan
25 has not yet been certified by the Ad-

1 administrative Supervisor, an appro-
2 priate Qualifying Modification, in the
3 Administrative Supervisor's sole dis-
4 cretion; and

5 (iii) any conditions on the effective-
6 ness of the Qualifying Modification have
7 been satisfied or, in the Administrative Su-
8 pervisor's sole discretion, satisfaction of
9 such conditions has been waived by the Ad-
10 ministrative Supervisor; and

11 (D) the United States District Court for
12 the District of Puerto Rico has, after reviewing
13 an application submitted to it by the applicable
14 Issuer for an order approving the Qualifying
15 Modification, entered an order that the require-
16 ments of this section have been satisfied.

17 (2) ^{Upon the} ~~The~~ entry of an order under paragraph
18 (1)(C), the conclusive and binding Qualifying Modi-
19 fication shall satisfy, release, and discharge all Bond
20 Claims affected by the Qualifying Modification, and
21 shall be binding on any person or entity asserting
22 claims or other rights, including a beneficial interest
23 (directly or indirectly, as principal, agent, counter-
24 part, subrogee, insurer or otherwise) in respect of
25 Bonds subject to the Qualifying Modification, any

✓

1 trustee, any collateral agent, any indenture trustee,
2 any fiscal agent, and any bank that receives or holds
3 funds related to such Bonds. The property that is
4 the subject of the Qualifying Modification shall vest
5 in the Issuer free and clear of all claims in respect
6 of any Bonds of any Issuer.

7 (m) JUDICIAL REVIEW.—

8 (1) The United States District Court for the
9 District of Puerto Rico shall have original and exclu-
10 sive jurisdiction over civil actions arising under this
11 section.

12 (2) Notwithstanding section ~~¶106(e)~~^{106(e)}, there ✓
13 shall be a cause of action to challenge unlawful ap-
14 plication of this section.

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

20 (n) COMPLETION REQUIRED.—Prior to any certifi-
21 cation pursuant to section 20~~7~~⁶ or the filing of any petition ✓
22 under title III, an offer for a Qualified Modification shall
23 be made to each Pool established under subsection (d).

24 (o) ~~§ 106(e)~~^{SAVINGS CLAUSE,}—Nothing in this title shall effect the ✓
25 powers of the Oversight Board in titles I, II, and III.