The Virgin Islands Consortium

Mapp Opposes Language In P.R. Debt Bill Giving U.S. Territories Optional Federal Oversight Of Public Funds

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ST. CROIX -- Governor Kenneth Mapp on Tuesday expressed strong concern to Congressional leaders in regard to proposed changes to language in the Puerto Rico debt restructuring bill released last week by Committee on Natural Resources in the U.S. Congress, which has jurisdiction over U.S. territories. Mr. Mapp contends that the legislation, if enacted, would likely adversely affect the ability of the Virgin Islands to access capital markets and would raise the territory's cost of borrowing.

The governor's opposition follows a stern rebuttal of the updated language by Delegate to Congress Stacey Plaskett, who said the measure -- which sees the creation of a federally regulated oversight board that would control how Puerto Rico spends its funds, and includes an option for U.S. territories to opt into the program -- sets a dangerous precedent. Ms. Plaskett said she's working her channels in Washington to have the language removed.

Mr. Mapp urged members of Congress to take more time to consider the serious ramifications of the proposed substitute language on the U.S. Virgin Islands. Among the serious concerns raised by the provision is that these restrictions could govern how debts to bondholders and others will be paid - increasing the cost of raising capital.

“I believe it is unfair and wrong to demand that the other territories agree to the authorization for an oversight board with extraordinary powers — even one that would not be triggered unless requested by local resolution — without consultation with the territories affected and without considering or understanding the impact of enacting such a provision on our ability to access the capital markets and the cost to our treasuries of accessing such critical capital,” the governor stated in his message to Congress.

Mr. Mapp said that Congress was moving to act quickly to provide relief to Puerto Rico prior to May 1 when some $400 million of Puerto Rico’s debt becomes due. However, he is suggesting that a stay be placed on any litigation or forced debt collection activity to give Congress the necessary time to consider the broader ramifications of the House bill, particularly its potential impact on the small territories. The governor sent letters Tuesday afternoon to House Speaker Paul Ryan, Democratic Leader Nancy Pelosi, Natural Resources Chairman Robert Bishop and several other ranking members of Congress.

He also reached out to governors in the other territories to ask that they join with him to ensure that their voices were heard before the House acts on what Mr. Mapp described as "momentous legislation."

But it remains to be seen whether the governor's plea, and that of Congresswoman Stacey Plaskett, will change the course of the bill. The measure was sponsored by Mr. Bishop, and Republican and chair of the House Committee on Natural Resources, who contends that the bill provides Puerto Rico “with tools to impose discipline over its finances, meet its obligations and restore confidence in its institutions”.

Furthermore, the U.S.V.I. is the only territory opposing the measure, according to Ms. Plaskett, who seemed perplexed by the other territories lack of opposition. “The other territories are going along with it; and we’ve tried to figure out why would they go along with something like this and it doesn’t even include support for territories,” Ms. Plaskett said.

And with Republicans controlling both the House and Senate, Ms. Plaskett says she expects the measure to sail through the halls of Congress.