

The Virgin Islands Consortium

Territory Still Married To PR Debt Bill Headed To House Floor

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ST. CROIX -- The Puerto Rico debt crisis bill moving through the halls of Congress was approved today in the House Committee on Natural Resources, chaired by Republican Rob Bishop, and will now face the full House. The measure, dubbed the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA), is supported by the Obama administration and is expected to become law once it arrives on the president's desk.

But the legislation that passed the Natural Resources Committee today still includes language tying the U.S. Virgin Islands and other U.S. territories to Puerto Rico's debt crisis, as it includes an option to give a federal oversight board full control over the

finances of U.S. territories whose leaders request financial help.

Even so, going off a commitment by Mr. Bishop, Delegate to Congress Stacey Plaskett expressed hope that last-minute changes could eliminate the language that has proved vexing to Ms. Plaskett as well as Governor Kenneth Mapp.

"Today my colleagues, on the House Committee on Natural Resources voted on passage of H.R. 5278 to address the Puerto Rico debt crisis. While I am disappointed the legislation will be moving forward with the proposed Oversight Board for the Virgin Islands and other U.S. Territories, I am pleased that the Chairman Rob Bishop (R-Utah) of the Natural Resources Committee has made a commitment to working on language regarding the other territories," Ms. Plaskett said.

"I am grateful for the support of Governor Kenneth Mapp and other members in articulating the concerns of the Virgin Islands in potential costly ramifications of our inclusion in this measure," she added.

An amendment to remove the language tying U.S. territories to the measure was offered and withdrawn today. However, even if the amendment failed, Ms. Plaskett was encouraged that her efforts were now weighing on leaders in Congress.

"I would especially like to thank my colleague, Rep. Tom MacArthur (R-NJ), for offering an amendment, which would have restored the bill to its original intent for a Puerto Rico Oversight Board and essentially uphold the financial autonomy of the Virgin Islands and the other U.S. territories—something that will allow for us to continue in the bond market without changes to investor risk assessment," Ms. Plaskett said.

"I have spoken with House leadership and they have committed to having substantive discussions on how to alleviate concerns of the Virgin Islands and other territories, as well as supporting future legislation that will offer real economic support and equitable treatment to the territories."

The House bill, introduced last week, would give Puerto Rico and other United States territories a set of rules for reducing their debts outside of bankruptcy. Guam, American Samoa, the United States Virgin Islands and the Northern Mariana Islands could use the framework too, if necessary.

The bill would put Puerto Rico's fiscal affairs under direct federal control and establish a legal framework for reducing its \$72 billion load of debt. The rules would be similar to Chapter 9 municipal bankruptcy, but with differences intended to reassure those creditors who believe Chapter 9 is stacked against them.

If enacted as is, the bill would also pre-empt action by the United States Supreme Court, which has been called upon to interpret the laws governing Puerto Rico, according to the New York Times. Chapter 9 of the bankruptcy code explicitly bars Puerto Rico from seeking debt relief, without revealing why. In March, the justices heard oral arguments in an expedited appeal by the island, but they expressed uncertainty about how to proceed.

The bill was drafted by the House Committee on Natural Resources under direction from Speaker Paul D. Ryan, who told his fellow Republicans to work with Democrats. The result is a bipartisan compromise with provisions that different stakeholders have said they did not want but now seem willing to live with.

