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Puerto Rico Ten-Year Deficit Forecast Raised to \$68 Billion.

- Projection is higher than governor's previous estimates
- Board wants to reach voluntary agreement with creditors

Puerto Rico is facing a budget shortfall of \$67.5 billion over the next decade, almost \$10 billion more than previously projected by Governor Alejandro Garcia Padilla, underscoring the need for the island to cut its debts and turn around the faltering economy.

The forecast was released Tuesday by the U.S. board that was installed after the territory's worsening fiscal crisis led it to default on a growing share of its \$70 billion debt. The seven-member panel said it plans to restart negotiations with creditors this week, seeking to secure a voluntary agreement with bondholders instead of imposing losses on them in court.

"We are doing everything we can to be correct with the creditor community," Jose Carrion, the chair of the board, said during a press call on Tuesday. "We're moving in that direction."

The board also said that the government needs to cut spending because the deficit is so large that even wiping out all of its debt — an option that's not legally available — wouldn't be enough to balance the budget.

"This reality requires the government of Puerto Rico to step up to the plate and propose the initiatives and measures necessary for Puerto Rico to meet the enormous fiscal challenge it faces," José Ramón González, a member of the Financial Oversight and Management Board for Puerto Rico, said in a statement.

Puerto Rico is veering toward the largest restructuring ever in the U.S. municipal-bond market after borrowing for years to pay its bills as the economy contracted. Garcia Padilla, who will leave office next month, has been defaulting on bonds to avoid deep cuts to services on an island where nearly half of the 3.5 million residents live below the poverty line.

The resolution will now largely be up to the oversight board. Members plan to work with the Governor-elect Ricardo Rossello to approve a turnaround plan by the end of January.

The revised financial projections exclude additional health-care funding from Washington and don't assume any revenue from an excise tax on multinational businesses that's set to expire. The levy, which U.S. corporations can take as a credit on their federal income taxes, made up 28 percent of revenue in the first five months of the 2017 fiscal year, according to the island's Treasury Department.

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