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Puerto Rico Considers Options to Close Financing Gap.

Gov. Ricardo Rosselló favors taxpayer-financed credit lines to aid in island's recovery

Recovery efforts following Hurricane Maria could create a cash crunch for Puerto Rico's government, already mired in the largest-ever U.S. municipal bankruptcy, despite an influx of federal disaster relief in coming months.

The cost of restoring critical infrastructure that was destroyed in the storm will largely fall to the Federal Emergency Management Agency, but funding for other essential services, such as police, may remain the U.S. territory's responsibility, according to FEMA experts.

Puerto Rico's liquidity was already under pressure from a dwindling population, spiking pension costs and a looming health-care-funding cliff. Now, with hundreds of thousands of residents still without power and other basic necessities, economic activity will be interrupted, curtailing the government's tax collections for a time, said Jim Millstein, a financial restructuring adviser to Puerto Rico's previous gubernatorial administration.

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The Wall Street Journal

By Andrew Scurria

Sept. 29, 2017 2:30 p.m. ET

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