

Bond Case Briefs

Municipal Finance Law Since 1971

Current Status of Puerto Rico Debt Restructuring.

After a decade-long fiscal decline, Puerto Rico filed for bankruptcy protection and has been in federal court since May 2017 to restructure its \$120 billion debt portfolio comprised of public debt and unfunded liabilities. The financial crisis of this U.S. commonwealth has contributed to a high poverty rate, in which 40% of Puerto Rican citizens are living under the poverty line and the unemployment rate has been above double digits, along with a nearly insolvent public healthcare system.

The prospect of Puerto Rico's debt restructuring, negotiations with its creditors, and getting a plan of adjustment approved by the bankruptcy court became even more uncertain after a U.S. Appeals Court ruled in February 2019 that the federal oversight board overseeing the bankruptcy process was unconstitutionally appointed.

The court also set a 90-day period for the U.S. president and the Senate to either validate the appointments or reestablish the oversight board. As things were looking promising and progress was being made to achieve the objective of debt restructuring for Puerto Rico, this new ruling has knocked any progress off its rails.

[Continue reading.](#)

municipalbonds.com

by Jayden Sangha

Mar 20, 2019