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## **Senators Unveil Puerto Rico Bankruptcy Bill.**

WASHINGTON — Sens. Chuck Schumer, D-N.Y., and Richard Blumenthal, D-Conn., unveiled a bill on Wednesday that would allow Puerto Rico municipalities and public corporations to seek protection under Chapter 9 bankruptcy.

The bill, a companion piece of legislation to H.R. 870, a substantially similar bill, has Democratic support but no Republican sponsors. Puerto Rico's non-voting member of Congress, Pedro Pierluisi, introduced H.R. 870 in February and that bill is pending before a subcommittee of the House Judiciary Committee. Rep. Bob Goodlatte, R-Va., the committee chair, said recently that Republicans are not interested in moving that bill.

The push in Congress to consider giving the troubled island entities access to Chapter 9 powers became more urgent after Puerto Rico Gov. Alejandro García Padilla said that the commonwealth will not be able to pay its creditors unless its approximate \$72 billion of public debt is restructured. Creditors that hold Puerto Rico debt have lobbied against bankruptcy powers, saying they would prefer the receivership model that would result from a default.

Blumenthal defended the bankruptcy bill, saying Puerto Rico and creditors deserve a "fair, orderly" process.

"The purpose of this bill is to avoid disaster and prevent Puerto Rico from going over a fiscal cliff that is entirely preventable," he said during the press conference. "This disaster would be a self-inflicted wound that can and should be avoided."

Schumer, who said the amount of debt is "staggering," added that he, Blumenthal and the 10 other Democrats sponsoring the bill are committed to helping Puerto Rico fight the "catastrophe head-on and in the right way."

Extending bankruptcy powers to the island has been a generally popular proposal among Democrats, both lawmakers and presidential candidates, but has received little support from Republicans. However, Schumer and Blumenthal said they are hopeful it will become a bipartisan bill. Both said they have had productive talks with their Republican colleagues and Schumer said a number of them "seem to be genuinely interested."

"In the coming weeks, we're going to urge our Republican colleagues to get on board to do what's prudent and fair, to get this bill across the finish line," Schumer said.

Sens. John Cornyn, R-Tex., and Orrin Hatch, R-Utah, have been open to considering granting bankruptcy rights in Puerto Rico. Both senators sit on the Senate Judiciary Committee where the bill is expected to be referred.

Sen. Chuck Grassley, an Iowa Republican and the committee's chair, has previously said he would like to see Puerto Rico's government develop a financial plan before considering granting island entities bankruptcy powers.

García Padilla, who has taken steps to develop a financial plan, has been lobbying members of Congress that have the power to weigh in on both the Senate and House versions of the bill. He reportedly had a one-on-one meeting with Grassley and recently wrapped up a trip to Washington where he met with Republicans on the House Judiciary Committee, including Mimi Walters from California, Ron DeSantis from Florida, Jason Chaffetz of Utah and Ken Buck of Colorado.

“I’m hopeful that the debate in Congress will propel this bill to passage with bipartisan support,” García Padilla said in a statement released after Blumenthal and Schumer’s press conference. “Chapter 9 is an option that all states have at their disposal for their municipalities and public corporations and there is no reason why Puerto Rico, its creditors and its citizens should not be afforded the same protections.”

While Blumenthal did not have an exact timeline for the bill, he said the goal is to operate under the assumption of “the sooner the better.”

“Time is not on our side,” he said. “The longer uncertainty persists, the more unstable the result.”

THE BOND BUYER

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JUL 15, 2015 4:06pm ET

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