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House Republicans Lean Toward Federal Oversight for Puerto Rico.

Lawmakers in the U.S. House showed support for establishing federal oversight of Puerto Rico as Congress looks for ways to help the island emerge from a fiscal crisis brought on by \$70 billion of debt.

The House Natural Resources Committee Tuesday spent about two hours discussing the possibility of putting a U.S. authority in place to help end to the chronic budget strains that have pushed the Caribbean island to default on some of its bonds. The idea has gained backing with Republicans as the House seeks to craft legislation the end of March to assist the U.S. territory, though the scope of the new federal powers are still being considered.

"It's not going to be simplistic, and it's not going to be that easy," Representative Rob Bishop, the Utah Republican who chairs the panel, told reporters after the hearing about the potential legislation. "But it can be done and it needs to be done in the right way."

The Republicans who control both houses of Congress have yet to unite behind specific measures to address the escalating crisis, which led Puerto Rico Monday to propose a debt-restructuring plan that would leave bondholders receiving less than they're owed. House Speaker Paul Ryan has told lawmakers to come up with a plan by March 31.

No Funding

Senate Majority Leader Mitch McConnell said Tuesday that talks are underway about how to give Puerto Rico some flexibility to tackle their debt crisis, but he drew a firm line.

"No solution to the Puerto Rico problem that involves the use of U.S. taxpayer dollars is going to be passed in this Congress," he told reporters.

Puerto Rico, congressional Democrats and President Barack Obama's administration have pushed to allow some island agencies to file for bankruptcy, a step that hasn't been endorsed by key Republicans. In December, Senate Republicans proposed directing up to \$3 billion to Puerto Rico through a new authority that would oversee the island's budget and could borrow on its behalf.

Puerto Rico's non-voting House delegate, Democrat Pedro Pierluisi, said the island is facing "massive" defaults in May or July at the latest, when the commonwealth has its next major round of bond payments. The island defaulted on some securities in January and last year, while Puerto Rico Governor Alejandro Garcia Padilla has delayed tax rebates and payments to suppliers to pay creditors.

Control Board

Former District of Columbia Mayor Anthony Williams was among witnesses who spoke in favor of a federal control board, which was once used to stabilize the nation's capital city.

“The time is now for Congress to create an authority that would have as its goals both achieving financial stability and a balanced budget for the island,” Williams told the panel.

House Democrats, including Luis Gutierrez of Illinois, who have urged Congress to grant the island power to restructure its debt, got support from one of the witnesses, Massachusetts Institute of Technology economist Simon Johnson. He said Congress needs to create a board with authority to restructure some or “potentially” all of the island’s debt.

Republicans have resisted extending Chapter 9 municipal-bankruptcy protections to Puerto Rico, arguing that it’s not a long-term fix.

“I understand that we need a financial control board, I am undecided about the bankruptcy,” said Raul Labrador, a Republican from Idaho. “I’m not sure where that bankruptcy protection should come in — if at all.”

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