OVERSIGHT ON PUERTO RICO

- The situation in Puerto Rico is decades in the making and is the result of a combination of fiscal mismanagement, inconsistent federal policies and a state-run economy that is hopelessly inefficient.
    - Puerto Rico is $70 billion in debt in the form of bonds.
    - It has a pension liability of $46 billion, which is covered by only $2 billion in net assets.
    - Puerto Rico no longer has access to the credit markets.
    - Unemployment is 12%.
    - There is a significant out-migration of the population.
    - The Commonwealth is currently selling assets from pension funds, taking money dedicated to one group of creditors to pay other creditors, to keep the government open and fund basic services.
- Over the past few months the Committee's oversight efforts have revealed 1) a desire to privately invest in Puerto Rico, 2) the potential for Puerto Rico to reach voluntary restructuring agreements with various creditors, and 3) the need for a strong, independent oversight body to ensure necessary reforms occur in Puerto Rico.
- The Committee's legislation creates an Oversight Board that will have the tools to comprehensively resolve Puerto Rico's fiscal crisis.
- The Oversight Board will audit the government and its corporations, work with the government to create efficiencies and reforms, and address the island's financial crisis in the most efficient and equitable manner that is respectful of the rule of law, self-governance and all involved parties and creditors.
- This process of creating efficiencies, accountability in government operations, transparent fiscal plans and balanced budgets, and improving services to constituents, will determine if or to what extent any debt restructuring will be necessary.
- If debt restructuring is needed in certain areas and voluntary agreements can't be reached, the Oversight Board would have the ability to facilitate a court supervised debt restructuring where necessary, not in the context of Chapter 9 bankruptcy.
- Chapter 9 bankruptcy is a tool designed for municipalities of sovereign states, not territories. Retroactively adding territories to Chapter 9 of the Bankruptcy Code is ill-conceived and would undermine the rule of law; result in a bailout of Puerto Rico on the backs of tens of thousands of U.S. taxpayers who have invested their savings in Puerto Rico bonds; undercut efforts to reform Puerto Rico's irresponsible fiscal policies; and create serious implications for the Island's future access to capital markets, which is the only path to a new economy.
- The U.S. Department of the Treasury has also proposed a plan to ease Puerto Rico's financial crisis that would prioritize pensions over creditors. This proposal would also have serious consequences on the broader municipal bond market and existing creditor-to-debtor relationships.

PUERTO RICO DISCUSSION DRAFT SUMMARY

INDEPENDENT OVERSIGHT BOARD

- The draft legislation creates an Oversight Board with 5 appointed members and the ability to hire financial and management experts. The Board will be an entity within the government of Puerto Rico but not subject to the control of the Governor or Legislative Assembly.
- The Oversight Board will seek audited financial statements from the government of Puerto Rico at all levels and work with the Governor and the Legislative Assembly in the preparation of fiscal plans and budgets. Ultimately, it will have the authority to enact such a fiscal plan and budget if the Governor and Legislative Assembly fail to do so.
- The Oversight Board will work with the other departments and agencies (including public corporations) to seek efficiencies, greater accountability in their operations, optimization revenues over expenses, and improve reliability of services to constituents.
- The bill would improve transparency and disclosure surrounding Puerto Rico's pension system. Additionally, it would require an independent study of Puerto Rico's pension obligations and their sustainability.
- This process will influence if or to what extent any debt restructuring would be necessary.
- The discussion draft does include a stay upon enactment of the legislation. This is a highly complex and sensitive component with constitutional implications and will likely demand additional refinement before a final bill is introduced.

TERRITORIAL DEBT ACCOUNTABILITY

- If debt restructuring is still necessary, the legislation provides for conditions that must be met before any restructuring can take place. These conditions include 1) required audited financial statements, 2) a fiscal plan and budget in place and 3) mediation among the various debtors and creditors.
- The Oversight Board can be particularly helpful to get parties in the same room for some sort of negotiation in an attempt to reach a debt restructuring agreement.
- As a last resort, if agreements can't be reached, the Oversight Board would have the power to authorize a petition filed in U.S. district court for restructuring. It is the Committee's goal to provide for court supervised debt restructuring where necessary, but not in the context of Chapter 9 bankruptcy.

INFRASTRUCTURE REVITALIZATION

- High costs of electricity and outdated infrastructure have contributed to record numbers of civilian and business migration to the U.S. mainland and elsewhere.

- The infrastructure piece of the bill establishes a position of Revitalization Coordinator under the Oversight Board.
- Projects will be submitted by project proponents to the Revitalization Coordinator, who, in consultation with the Governor and various Puerto Rico Agencies, will nominate infrastructure projects to the Oversight Board based on certain criteria, such as the economic support the project will provide, the access the project has to private capital, and whether the project addresses a flaw in Puerto Rico's infrastructure.
- Once a project has been nominated by the Revitalization Coordinator, the Oversight Board can either approve or disapprove of providing the nominated project with access to expedited permitting and regulatory processes through existing Puerto Rican law.
- The title encourages federal agencies – to the extent there is a federal nexus – to work with the Revitalization Coordinator to expedite federal reviews.

[DISCUSSION DRAFT]

114TH CONGRESS
2D SESSION

H. R. ____

To establish an Oversight Board to assist the Government of Puerto Rico, including instrumentalities, in managing its public finances, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M__. ____________ introduced the following bill; that was referred to the Committee on ____________________________

A BILL

To establish an Oversight Board to assist the Government of Puerto Rico, including instrumentalities, in managing its public finances, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ‘‘Puerto Rico Oversight, Management, and Economic Stability Act’’ or ‘‘PROMESA’’.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

TITLE I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT BOARD

SEC. 101. PUERTO RICO FINANCIAL OVERSIGHT AND MANAGEMENT BOARD.

(a) ESTABLISHMENT.—Pursuant to article IV, section 3 of the Constitution of the United States, which provides Congress the power to dispose of and make all needful rules and regulations for territories, which include the Commonwealth of Puerto Rico, there is hereby established the Puerto Rico Financial Oversight and Management Board, consisting of members, appointed by the President in accordance with subsection (b). Subject to the conditions described in section 108 and except as otherwise provided in this Act, the Oversight Board is established as an entity within the Government of Puerto Rico, and is not established as a department, agency, establishment, or instrumentality of the United States Government.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Oversight Board shall consist of 5 members appointed by the President who meet the qualifications described in subsection (c), except that the Oversight Board may take any action under this Act (or any amendments made by this Act) at any time after the President has appointed 3 of its members, subject to the provision that a majority of members of the Oversight Board's full membership of 5 members voting in the affirmative shall be required in order for the Oversight Board to conduct its business pursuant to subsection (e)(2).

(2) APPOINTED MEMBERS.—The President shall appoint the members after consulting with the ⟦Chairs of the Committee on Natural Resources of the House of Representatives, and the Committee on Energy and Natural Resources of the Senate⟧.

(3) EX OFFICIO MEMBERS.—The Secretary of the Treasury and the Governor of the Commonwealth of Puerto Rico shall be ex officio members of the Oversight Board without voting rights.

(4) CHAIR.—The President shall designate one of the members of the Oversight Board as the Chair of the Oversight Board ⟦(hereafter "Chair")⟧.

(5) TERM OF SERVICE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), each member of the Oversight Board shall be appointed for a term of 3 years.

(B) APPOINTMENT FOR TERM FOLLOWING INITIAL TERM.—As designated by the President at the time of appointment for the term immediately following the initial term—

(i) 1 member shall be appointed for a term of 1 year;

(ii) 2 members shall be appointed for a term of 2 years; and

(iii) 2 members shall be appointed for a term of 3 years.

(C) REMOVAL.—The President may remove any member of the Oversight Board only for cause.

(D) CONTINUATION OF SERVICE UNTIL SUCCESSOR APPOINTED.—Upon the expiration of a term of office, a member of the Oversight Board may continue to serve until a successor has been appointed.

(c) QUALIFICATIONS FOR MEMBERSHIP.—An individual meets the qualifications for membership on the Oversight Board if the individual—

(1) has knowledge and expertise in finance, management, law, or the organization or operation of business or government;

(2) does not provide goods or services to the Government of Puerto Rico (and is not the spouse, parent, child, or sibling of an individual who provides goods and services to the Government of Puerto Rico); and

(3) is not an officer, elected official, except as provided in section 101(b)(2), or employee of the Government of Puerto Rico or a candidate for elected office of the Government of Puerto Rico; ⟦and⟧

(4) maintains a primary residence in Puerto Rico or has a primary place of business in Puerto Rico, provided that this paragraph shall apply to at least two members.

(d) NO COMPENSATION FOR SERVICE.—Members of the Oversight Board shall serve without pay, but may receive reimbursement for any reasonable and necessary expenses incurred by reason of service on the Oversight Board.

(e) ADOPTION OF BYLAWS FOR CONDUCTING BUSINESS OF OVERSIGHT BOARD.—

(1) IN GENERAL.—As soon as practicable after the appointment of its members, the Oversight Board shall adopt bylaws, rules, and procedures governing its activities under this Act, including procedures for hiring experts and consultants. Such bylaws, rules, and procedures shall be public documents, and shall be submitted by the Oversight Board upon adoption to the Governor, the Legislature, the President, and Congress. The Oversight Board may hire professionals as it determines to be necessary to carry out this subsection.

(2) ACTIVITIES REQUIRING APPROVAL OF MAJORITY OF MEMBERS.—Under the bylaws adopted pursuant to paragraph (1), the Oversight Board

may conduct its operations under such procedures as it considers appropriate, except that an affirmative vote of a majority of the members of the Oversight Board's full membership of 5 members shall be required in order for the Oversight Board to conduct its business.

(3) ADOPTION OF RULES AND REGULATIONS OF PUERTO RICO.—The Oversight Board may incorporate in its bylaws, rules, and procedures under this subsection such rules and regulations of the Government of Puerto Rico as it considers appropriate to enable it to carry out its activities under this Act with the greatest degree of independence practicable.

SEC. 102. LOCATION OF THE OVERSIGHT BOARD'S OFFICE.

The Oversight Board shall have offices in San Juan, Puerto Rico, and Washington, DC.

SEC. 103. EXECUTIVE DIRECTOR AND STAFF OF OVERSIGHT BOARD.

(a) EXECUTIVE DIRECTOR.—The Oversight Board shall have an Executive Director who shall be appointed by the Chair with the consent of the Oversight Board. The Executive Director shall be paid at a rate determined by the Oversight Board.

(b) STAFF.—With the approval of the Chair, the Executive Director may appoint and fix the pay of additional personnel as the Executive Director considers appropriate, except that no individual appointed by the Executive Director may be paid at a rate greater than the rate of pay for the Executive Director unless the Oversight Board provides for otherwise. Such personnel may include private citizens, employees of the Federal Government, or employees of the Government of Puerto Rico.

(c) INAPPLICABILITY OF CERTAIN EMPLOYMENT AND PROCUREMENT LAWS.—

(1) CIVIL SERVICE LAWS.—The Executive Director and staff of the Oversight Board may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates.

(2) PUERTO RICO EMPLOYMENT AND PROCUREMENT LAWS.—The Executive Director and staff of the Oversight Board may be appointed and paid without regard to any provision of the laws of Puerto Rico governing appointments and salaries. Any

provision of the laws of Puerto Rico governing procurement shall not apply to the Oversight Board.

(d) STAFF OF FEDERAL AGENCIES.—Upon request of the Chair, the head of any Federal department or agency may detail, on a reimbursable or nonreimbursable basis, any of the personnel of that department or agency to the Oversight Board to assist it in carrying out its duties under this Act.

(e) STAFF OF GOVERNMENT OF PUERTO RICO.—Upon request of the Chair, the head of any department or agency of the Government of Puerto Rico, may detail, on a reimbursable or nonreimbursable basis, any of the personnel of that department or agency to the Oversight Board to assist it in carrying out its duties under this Act.

(f) PRESERVATION OF RETIREMENT AND CERTAIN OTHER RIGHTS OF FEDERAL EMPLOYEES WHO BECOME EMPLOYED BY THE OVERSIGHT BOARD.—

(1) IN GENERAL.—Any Federal employee who becomes employed by the Oversight Board—

(A) may elect, for the purposes set forth in paragraph (2)(A), to be treated, for so long as that individual remains continuously employed by the Oversight Board, as if such individual had not separated from service with the Federal Government, subject to paragraph (3); and

(B) shall, if such employee subsequently becomes reemployed by the Federal Government, be entitled to have such individual's service with the Oversight Board treated, for purposes of determining the appropriate leave accrual rate, as if it had been service with the Federal Government.

(2) EFFECT OF AN ELECTION.—An election made by an individual under the provisions of paragraph (1)(A)—

(A) shall qualify such individual for the treatment described in such provisions for purposes of—

(i) chapter 83 or 84 of title 5, United States Code, as appropriate (relating to retirement), including the Thrift Savings Plan;

(ii) chapter 87 of such title (relating to life insurance); and

(iii) chapter 89 of such title (relating to health insurance); and

(B) shall disqualify such individual, while such election remains in effect, from participating in the programs offered by the Government of Puerto Rico (if any) corresponding to the respective programs referred to in subparagraph (A).

(3) CONDITIONS FOR AN ELECTION TO BE EFFECTIVE.—An election made by an individual under paragraph (1)(A) shall be ineffective unless—

(A) it is made before such individual separates from service with the Federal Government; and

(B) such individual's service with the Oversight Board commences within 3 days after so separating (not counting any holiday observed by the Government of Puerto Rico).

(4) CONTRIBUTIONS.—If an individual makes an election under paragraph (1)(A), the Oversight Board shall, in accordance with applicable provisions of law referred to in paragraph (2)(A), be responsible for making the same deductions from pay and the same agency contributions as would be required if it were a Federal agency.

(5) REGULATIONS.—Any regulations necessary to carry out this subsection shall be prescribed in consultation with the Oversight Board by—

(A) the Office of Personnel Management, to the extent that any program administered by the office is involved;

(B) the appropriate office or agency of the Government of Puerto Rico, to the extent that any program administered by such office or agency is involved; and

(C) the Executive Director referred to in section 8474 of title 5, United States Code, to the extent that the Thrift Savings Plan is involved.

(g) FEDERAL BENEFITS FOR OTHERS.—

[(1) IN GENERAL.—The Office of Personnel Management, in conjunction with each corresponding office or agency of the Government of Puerto Rico and in consultation with the Oversight Board, shall prescribe regulations under which any individual who becomes employed by the Oversight Board (under circumstances other than as described in subsection (f)) may elect either—]

[(A) to be deemed a Federal employee for purposes of the programs referred to in subsection (f)(2)(A) (i)–(iii); or]

[(B) to participate in 1 or more of the corresponding programs offered by the Government of Puerto Rico.]

(2) EFFECT OF AN ELECTION.—An individual who elects the option under subparagraph (A) or (B) of paragraph (1) shall be disqualified, while such election remains in effect, from participating in any of the programs referred to in the other such subparagraph.

(3) DEFINITION OF "CORRESPONDING OFFICE OR AGENCY".—For purposes of paragraph (1), the term "corresponding office or agency of the Government of Puerto Rico" means, with respect to any program administered by the Office of Personnel Management, the office or agency responsible for administering the corresponding program (if any) offered by the Government of Puerto Rico.

(4) THRIFT SAVINGS PLAN.—To the extent that the Thrift Savings Plan is involved, the preceding provisions of this subsection shall be applied by substituting "the Executive Director referred to in section 8474 of title 5, United States Code" for "the Office of Personnel Management".

SEC. 104. POWERS OF OVERSIGHT BOARD.

(a) HEARINGS AND SESSIONS.—The Oversight Board may, for the purpose of carrying out this Act, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Oversight Board considers appropriate. The Oversight Board may administer oaths or affirmations to witnesses appearing before it.

(b) POWERS OF MEMBERS AND AGENTS.—Any member or agent of the Oversight Board may, if authorized by the Oversight Board, take any action that the Oversight Board is authorized to take by this section.

(c) OBTAINING OFFICIAL DATA.—

(1) FROM FEDERAL GOVERNMENT.—Notwithstanding sections 552 (commonly known as the Freedom of Information Act), 552a (the Privacy Act of 1974), and 552b (the Government in the Sunshine Act) of title 5, United States Code, the Oversight Board may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act, with the approval of the head of that department or agency.

(2) FROM GOVERNMENT OF PUERTO RICO.—Notwithstanding any other provision of law, the Oversight Board shall have the right to secure copies, whether written or electronic, of such records, documents, information, data, or metadata from any

entity of the Government of Puerto Rico necessary to enable the Oversight Board to carry out its responsibilities under this Act. At the request of the Oversight Board, the Oversight Board shall be granted direct access to such information systems, records, documents or information or data as will enable the Oversight Board to carry out its responsibilities under this Act. The head of the entity of Government of Puerto Rico responsible shall provide the Oversight Board with such information and assistance (including granting the Oversight Board direct access to automated or other information systems) as the Oversight Board requires under this paragraph.

(d) GIFTS, BEQUESTS, AND DEVISES.—The Oversight Board may accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the Oversight Board. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in such account as the Oversight Board may establish and shall be available for disbursement upon order of the Chair, consistent with the Oversight Board's by-laws, or rules and procedures.

(e) SUBPOENA POWER.—

(1) IN GENERAL.—The Oversight Board may issue subpoenas requiring the attendance and testimony of witnesses and the production of books, records, correspondence, memoranda, papers, documents, electronic files, metadata, tapes, and materials of any nature relating to any matter under investigation by the Oversight Board. The attendance of witnesses and the production of such materials may be required from any place within the United States at any designated place of hearing within the United States.

(2) FAILURE TO OBEY A SUBPOENA.—If a person refuses to obey a subpoena issued under paragraph (1), the Oversight Board may apply to the United States District Court for the District of Puerto Rico for an order requiring that person to appear before the Oversight Board to give testimony, produce evidence, or both, relating to the matter under investigation. Any failure to obey the order of the court may be punished by the court as civil contempt.

(3) SERVICE OF SUBPOENAS.—The subpoena of the Oversight Board shall be served in the manner

provided for subpoenas issued by the district courts under the Federal Rules of Civil Procedure.

(f) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Oversight Board, the Administrator of the U.S. General Services Administration shall promptly provide to the Oversight Board, on a reimbursable basis, the administrative support services necessary for the Oversight Board to carry out its responsibilities under this Act.

(g) OVERSIGHT BOARD TO ENTER INTO CONTRACTS.—The Executive Director may enter into such contracts as the Executive Director considers appropriate (subject to the approval of the Chair) consistent with the Oversight Board's by-laws, rules, and regulations to carry out the Oversight Board's responsibilities under this Act.

(h) OVERSIGHT BOARD TO ENFORCE CERTAIN PUERTO RICO LAWS.—The Oversight Board shall ensure the purposes of this Act are met including by prompt enforcement of the laws of Puerto Rico prohibiting public sector employees from participating in a strike or lock out (3 L.P.R.A. 1451q and 3 L.P.R.A. 1451r).

(i) CIVIL ACTIONS TO ENFORCE POWERS.—The Oversight Board may seek judicial enforcement of its authority to carry out its responsibilities under this Act.

(j) PENALTIES.—

(1) ACTS PROHIBITED.—Any officer or employee of the Government of Puerto Rico who—

(A) takes any action in violation of any valid order of the Oversight Board or fails or refuses to take any action required by any such order; or

(B) prepares, presents, or certifies any information (including any projections or estimates) or report for the Board or any of its agents that is false or misleading, or, upon learning that any such information is false or misleading, fails to immediately advise the Board or its agents thereof in writing,

shall be guilty of a misdemeanor, and shall be fined not more than $1,000, imprisoned for not more than 1 year, or both.

(2) ADMINISTRATIVE DISCIPLINE.—In addition to any other applicable penalty, any officer or employee of the Government of Puerto Rico who knowingly and willfully violates paragraph (1) shall be subject to appropriate administrative discipline, including (when appropriate) suspension from duty without pay or removal from office by order of either the Governor or Oversight Board.

(3) REPORT BY GOVERNOR ON DISCIPLINARY ACTIONS TAKEN.—In the case of a violation of paragraph (1) by an officer or employee of the Government of Puerto Rico, the Governor shall immediately report to the Board all pertinent facts together with a statement of the action taken thereon.

SEC. 105. EXEMPTION FROM LIABILITY FOR CLAIMS.

The Oversight Board, its members, and its employees may not be liable for any obligation of or claim against the Oversight Board or its members or employees or the Government of Puerto Rico resulting from actions taken to carry out this Act.

SEC. 106. TREATMENT OF ACTIONS ARISING FROM ACT.

(a) JURISDICTION ESTABLISHED IN JUDICIAL DISTRICT FOR PUERTO RICO.—Except as provided in section 104(e)(2) (relating to the issuance of an order enforcing a subpoena), any action against the Oversight Board or any action otherwise arising out of this Act, in whole or in part, shall be brought in the United States District Court for the District of Columbia.

(b) PROMPT APPEAL.—

(1) COURT OF APPEALS.—Notwithstanding any other provision of law, any order of the United States District Court for the District of Columbia that is issued pursuant to an action brought under

subsection (a) shall be reviewable only pursuant to a notice of appeal to the United States Court of Appeals for the District of Columbia Circuit.

(2) SUPREME COURT.—Notwithstanding any other provision of law, upon acceptance of a writ of certiorari and review by the Supreme Court of the United States of a decision of the court of appeals that is issued pursuant to paragraph (1) may be had only if the petition for such review is filed within 10 days after the entry of such decision.

(c) TIMING OF RELIEF.—No order of any court granting declaratory or injunctive relief against the Oversight Board, including relief permitting or requiring the obligation, borrowing, or expenditure of funds, shall take effect during the pendency of the action before such court, during the time appeal may be taken, or (if appeal is taken) during the period before the court has entered its final order disposing of such action.

(d) EXPEDITED CONSIDERATION.—It shall be the duty of the United States District Court for the District of Puerto Rico, the United States District Court for the District of Columbia, the United States Court of Appeals for the First Circuit, the United States Court of Appeals for the District of Columbia Circuit, and the Supreme Court of the United States to advance on the docket and to expedite to the greatest possible extent the disposition of any matter brought under this Act.

SEC. 107. FUNDING FOR OPERATION OF OVERSIGHT BOARD.

(a) FUNDING.—The Oversight Board may use its powers with respect to the budget of the Government of Puerto Rico to ensure that sufficient funds are available to cover all expenses of the Oversight Board. If the Oversight Board elects to do so—

(1) The Oversight Board shall submit to the Governor and the Legislature a report describing the use of funds described in subsection (a) as a part of the budget appropriations process of the Government of Puerto Rico.

(2) The Government of Puerto Rico shall designate a dedicated funding source, not subject to subsequent legislative appropriations, sufficient to support the annual expenses of the Oversight Board as determined in the Oversight Board's sole and exclusive discretion.

(b) [____].—To the extent feasible, the Oversight Board shall, in the name of the Commonwealth of Puerto Rico, issue bonds or other loan indentures in amounts and maturities sufficient to fund the activities of the Oversight Board for a period of not less than 5 years. The Oversight

Board shall prepare a business plan and budget, as well as any other documentation necessary to raise funds in the capital markets for the Oversight Board's purposes.

(c) [____].—There is appropriated by the Congress the sum of $__________ for the purposes of hiring professionals to assist in the organization of the Oversight Board and the process of establishing a funding source for the Oversight Board's activities pursuant to subsections (a), (b), or (d); such sums to remain available until expended. Upon establishing a funding source pursuant to subsections (a), (b), or (d), the Oversight Board shall reimburse the general fund of the U.S. Treasury the sum of money appropriated pursuant to this subsection.

(d) USE OF INTEREST ON ACCOUNTS FOR PUERTO RICO.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act, the Oversight Board may transfer or otherwise expend any amounts derived from interest earned on accounts held by the Oversight Board on behalf of Puerto Rico for such purposes as it considers appropriate.

(2) SPENDING NOT SUBJECT TO APPROPRIATION BY CONGRESS.—Any amounts transferred or otherwise expended pursuant to paragraph (1) may

be obligated or expended without approval by an Act of Congress.

(e) BUDGET.—The Oversight Board shall develop an annual budget for each fiscal year starting with fiscal year 2018 and submit such budget to the House of Representatives Committee on Natural Resources and the Senate Committee on Energy and Natural Resources.

SEC. 108. SUSPENSION OF ACTIVITIES.

(a) SUSPENSION UPON PAYMENT OF OVERSIGHT BOARD OBLIGATIONS.—

(1) IN GENERAL.—Upon the expiration of the 12-month period that begins on the date that the Oversight Board certifies that all obligations arising from the issuance by the Oversight Board of bonds, notes, or other obligations pursuant to subtitle B of title II have been discharged, and that all borrowings by or on behalf of Puerto Rico have been repaid, the Oversight Board shall suspend any activities carried out under this Act and the terms of the members of the Oversight Board shall expire.

(2) NO SUSPENSION DURING OVERSIGHT YEAR.—The Oversight Board may not suspend its activities pursuant to paragraph (1) at any time during an oversight year.

(b) REACTIVATION UPON INITIATION OF OVERSIGHT PERIOD.—Upon receiving notice from the Chairs of the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate that an oversight period has been initiated (as described in section 209) at any time after the Oversight Board suspends its activities under subsection (a), the President shall appoint members of the Oversight Board, pursuant to section 101(b), and the Oversight Board shall carry out activities under this Act, in the same manner as the President appointed members and the Oversight Board carried out activities prior to such suspension.

SEC. 109. APPLICATION OF LAWS OF PUERTO RICO TO OVERSIGHT BOARD.

(a) IN GENERAL.—Neither the Governor nor the Legislature may—

(1) exercise any control, supervision, oversight, or review over the Oversight Board or its activities; or

(2) enact or implement any Act, resolution, policy or rule with respect to the Oversight Board or its activities.

(b) OVERSIGHT BOARD NOT SUBJECT TO REPRESENTATION BY THE SECRETARY OF JUSTICE OF PUER-

TO RICO.—In any action brought by or on behalf of the Oversight Board, and in any action brought by the Oversight Board, the Oversight Board shall be represented by such counsel as it may select, but in no instance may it be represented by the Secretary of Justice of Puerto Rico.

SEC. 110. CHIEF MANAGEMENT OFFICER [CHIEF RESTRUCTURING OFFICER].

The Oversight Board may employ a Chief [Management] Officer of Puerto Rico, who shall be appointed by the Chair with the consent of the Oversight Board. The Chief [Management] Officer shall assist the Oversight Board in the fulfillment of its responsibilities to improve the effectiveness and efficiency of the Government of Puerto Rico. The Oversight Board may delegate to the Chief [Management] Officer responsibility for oversight and supervision of departments and functions of the Government of Puerto Rico, or successor departments and functions, consistent with this Act. The Chief [Management] Officer shall report directly to the Executive Director of the Oversight Board. The Chief [Management] Officer shall be paid at an annual rate determined by the Oversight Board [sufficient in the judgment of the Oversight Board to obtain the services of an individual with the skills and experience required to discharge the duties of the office]. The Executive Director may assign Oversight Board personnel to assist the Chief [Management] Officer.

TITLE II—RESPONSIBILITIES OF OVERSIGHT BOARD

Subtitle A—Establishment and Enforcement of Fiscal Plan and Budget for Government of Puerto Rico

SEC. 201. DEVELOPMENT OF FISCAL PLAN AND BUDGET FOR PUERTO RICO.

(a) DEVELOPMENT OF FISCAL PLAN AND BUDGET.—For each fiscal year that the Government of Puerto Rico is in an oversight period, the Governor shall develop and submit to the Oversight Board a Fiscal Plan and Budget for Puerto Rico in accordance with this title.

(b) CONTENTS OF FISCAL PLAN AND BUDGET.—A Fiscal Plan and Budget for Puerto Rico for a fiscal year shall specify the budgets for the Government of Puerto Rico for the applicable fiscal year and the next 4 fiscal years (including the projected revenues and expenditures of each fund of the Government of Puerto Rico for such years), in accordance with the following requirements:

(1) The Fiscal Plan and Budget shall meet the standards described in subsection (c) to promote the financial stability of the Government of Puerto Rico.

(2) The Fiscal Plan and Budget shall provide for estimates of revenues and expenditures on a modified accrual basis.

(3) The Fiscal Plan and Budget shall—

(A) describe lump-sum expenditures by department by object class;

(B) describe capital expenditures (together with a schedule of projected capital commitments of the Government of Puerto Rico and proposed sources of funding);

(C) contain estimates of short-term and long-term debt (both outstanding and anticipated to be issued); and

(D) contain cash flow forecasts for each fund of the Government of Puerto Rico at such intervals as the Oversight Board may require.

(4) The Fiscal Plan and Budget shall include a statement describing methods of estimations and significant assumptions.

(5) The Fiscal Plan and Budget shall include any other provisions and shall meet such other criteria as the Oversight Board considers appropriate to meet the purposes of this Act, including provisions for changes in personnel policies and levels for each department or agency of the Government of

Puerto Rico, changes in the structure and organization of the Government of Puerto Rico, and management initiatives to promote productivity, improvement in the delivery of services, or cost savings.

(c) STANDARDS TO PROMOTE FINANCIAL STABILITY DESCRIBED.—

(1) IN GENERAL.—The standards to promote the financial stability of the Government of Puerto Rico applicable to the Fiscal Plan and Budget for a fiscal year are as follows:

(A) In the case of the Fiscal Plan and Budget for fiscal year 2018, the expenditures of the Government of Puerto Rico for each fiscal year (beginning with fiscal year 2017) may not exceed the revenues of the Government of Puerto Rico for each such fiscal year.

(B) During fiscal years 2017 and 2018, the Government of Puerto Rico shall make continuous, substantial progress toward equalizing the expenditures and revenues of the Government of Puerto Rico for such fiscal years (in equal annual installments to the greatest extent possible).

(C) The Government of Puerto Rico shall provide for the orderly liquidation of the cumulative fund balance deficit of the Government of Puerto Rico, as evidenced by financial statements prepared in accordance with generally accepted accounting principles.

(D) If funds in accounts of the Government of Puerto Rico that are dedicated for specific purposes have been withdrawn from such accounts for other purposes, the Government of Puerto Rico shall fully restore the funds to such accounts.

(E) The Fiscal Plan and Budget shall assure the continuing long-term financial stability of the Government of Puerto Rico, as indicated by factors including access to short-term and long-term capital markets, the efficient management of the Government of Puerto Rico's workforce, and the effective provision of services by the Government of Puerto Rico.

(2) APPLICATION OF SOUND BUDGETARY PRACTICES.—In meeting the standards described in paragraph (1) with respect to a Fiscal Plan and Budget for a fiscal year, the Government of Puerto Rico shall apply sound budgetary practices, including reducing costs and other expenditures, improving pro-

ductivity, increasing revenues, or combinations of such practices.

【(d) BUDGET PROCESS REQUIREMENTS.—In the case of a fiscal year that is an oversight year the Legislature may not approve, and the Governor may not forward to the President, any budget that is not consistent with the Fiscal Plan and Budget established for the fiscal year under this Act.】

SEC. 202. DEVELOPMENT OF BUDGETS.

(a) REASONABLE SCHEDULE FOR DEVELOPMENT OF BUDGETS.—As soon as practicable after at least 3 members have been appointed to the Oversight Board in the fiscal year in which the Oversight Board is established and in each fiscal year thereafter during which the Oversight Board is in existence, the Oversight Board shall deliver a notice to the Governor and the legislature providing a schedule for developing, submitting, approving, and certifying Budgets for a period of fiscal years as determined by the Oversight Board, in its sole discretion, but in any case a period of not less than one fiscal year following the fiscal year in which the notice is delivered. The notice may also set forth a schedule for revisions to budgets that have already been certified, which revisions must be subject to subsequent approval and certification by the Oversight Board. The Oversight Board shall consult with the

Governor and the Legislature in establishing a schedule, but the Oversight Board shall retain sole discretion to set or, in the future by delivery of a subsequent notice to the Governor and the Legislature, change the dates of such schedule as it deems appropriate and reasonably feasible.

(b) REVENUE FORECAST.—The Governor and Legislature shall submit to the Oversight Board a forecast of revenues for the following fiscal year(s) to be used in developing the Budgets by the time specified in the notice delivered under subsection (a).

(c) BUDGETS DEVELOPED BY GOVERNOR.—

(1) GOVERNOR'S PROPOSED BUDGETS.—Except as provided in paragraph (3) the Governor shall submit to the Oversight Board proposed Budgets by the time specified in the notice delivered under subsection (a). In consultation with the Governor in accordance with the process specified in the notice delivered under subsection (a), the Oversight Board shall determine, in its sole discretion, whether each proposed Budget is compliant with the applicable Fiscal Plan and—

(A) if a proposed Budget is a compliant budget the Oversight Board shall—

(i) approve the Budget; and

(ii) submit the Budget to the Legislature; or

(B) if the Oversight Board determines that the Budget is not a compliant Budget, the Oversight Board shall provide to the Governor—

(i) a notice of violation that includes a description of any necessary corrective action; and

(ii) an opportunity to correct the violation.

(2) GOVERNOR'S REVISIONS.—The Governor may correct any violations identified by the Oversight Board and resubmit a revised Budget to the Oversight Board in accordance with paragraph (1). If the Governor is not able to develop a Budget that the Oversight Board determines is a complaint Budget by the time specified in the notice delivered under subsection (a), the Oversight Board shall develop and submit to the Governor and the Legislature a revised compliant budget. The Governor may submit as many revised Budgets to the Oversight Board as the schedule established in the notice delivered under subsection (a) allows.

(3) TRANSITION BUDGETS.—

(A) Notwithstanding sections 201(b)(2) and 201(c), the revenue and expenditure estimates in a Budget developed for the fiscal year immediately after the fiscal year in which the Oversight Board is established is not required to be in conformance with modified accrual accounting standards and, as a result, a Budget developed for such fiscal year is not required to be a compliant Budget.

(B) During the fiscal year in which the Oversight Board is established the Oversight Board shall have sole discretion in determining whether a Budget is acceptable and, once it determines that a Budget developed for the following fiscal year(s) in accordance with the process set forth in paragraph (1) and subsection (a), as modified by this paragraph, is acceptable, the Oversight Board shall approve such Budget and submit such Budget to the Legislature.

(d) BUDGET APPROVAL BY LEGISLATURE.—

(1) LEGISLATURE ADOPTED BUDGET.—The Legislature shall submit to the Oversight Board the Budget adopted by the Legislature by the time specified in the notice delivered under subsection (a).

The Oversight Board shall determine whether the adopted Budget is a compliant Budget and—

(A) if the adopted Budget is a compliant budget, the Oversight Board shall issue a compliance certification for such compliant Budget pursuant to subsection (e); and

(B) if the adopted Budget is not a compliant Budget, the Oversight Board shall provide to the Legislature—

(i) a notice of violation that includes a description of any necessary corrective action; and

(ii) an opportunity to correct the violation.

(2) LEGISLATURE'S REVISIONS.—The Legislature may correct any violations identified by the Oversight Board and resubmit a revised adopted Budget to the Oversight Board in accordance with the process established under paragraph (1) and the notice delivered under subsection (a). If the Legislature is not able to adopt a Budget that the Oversight Board determines is a complaint Budget by the time specified in the notice delivered under subsection (a), the Oversight Board shall develop a revised Budget that is a compliant Budget and submit

it to the Governor and the Legislature. The Legislature may submit as many revised adopted Budgets to the Oversight Board as the schedule established in the notice delivered under subsection (a) permits.

(3) TRANSITION BUDGETS.—

(A) The revenue and expenditure estimates in a Budget developed for the fiscal year(s) after the fiscal year in which the Oversight Board is established is not required to be in conformance with modified accrual accounting standards and, as a result, the Budget developed for such fiscal year(s) is considered to be a compliant budget.

(B) During the fiscal year in which the Oversight Board is established the Oversight Board shall have sole discretion in determining whether a Budget is acceptable and, once it determines that a Budget developed for such fiscal year(s) in accordance with the process set forth in paragraph (1) and subsection (a), as modified by this paragraph, is acceptable, the Oversight Board shall approve such Budget.

(e) CERTIFICATION OF BUDGETS.—

(1) CERTIFICATION OF DEVELOPED AND APPROVED BUDGETS.—If the Governor and the Legis-

lature develop and approve a Budget that is a compliant Budget or, in the case of the fiscal year in which the Oversight Board is established, an acceptable Budget, by the day before the first day of the fiscal year for which the Budget is being developed and in accordance with the process established under subsections (c) and (d), the Oversight Board shall issue a compliance certification to the Governor and the legislature for such Budget.

(2) DEEMED CERTIFICATION OF BUDGETS.—If the Governor and the Legislature fail to develop and approve a Budget that is a compliant Budget or, in the case of the fiscal year in which the Oversight Board is established, an acceptable Budget, by the day before the first day of the fiscal year for which the Budget is being developed, the Budget submitted by the Oversight Board to the Governor and the Legislature under subsection (d) (including any revision to the Budget made by the Oversight Board pursuant to that subparagraph) shall be—

(A) deemed to be approved by the Governor and the Legislature;

(B) the subject of a compliance certification issued by the Oversight Board to the Governor and the Legislature; and

(C) in full force and effect beginning on the first day of the applicable fiscal year.

(f) QUARTERLY REPORTS.—

(1) DELIVERY.—The Governor shall submit to the Oversight Board reports describing the actual cash revenues, cash expenditures, and cash flows of the Government of Puerto Rico for the preceding quarter, as compared to the actual revenues, expenditures, and cash flows contained in the certified Budgets for the applicable quarter by a date specified in the notice delivered under subsection (a).

(2) CONTENTS.—Each report delivered by the Governor to the Oversight Board hereunder shall include a description of any accrued revenues and expenditures during the applicable quarter, as compared to the accrued revenues and expenditures contained in the certified Budgets for the quarter and any other information required by the Oversight Board, in its sole discretion, which information may include a balance sheet or a requirement that the Governor provide information for each covered territorial instrumentality separately.

(3) QUARTERLY REPORT REVIEW.—Upon receipt of quarterly reports from the Governor under this paragraph, the Oversight Board shall—

(A) conduct a review to determine whether the actual quarterly revenues and expenses for the Government of Puerto Rico are in compliance with the applicable certified Budgets; and

(B) if the Oversight Board determines that the actual quarterly revenues and expenses for the Government of Puerto Rico are not in compliance with the applicable certified Budgets under subparagraph (A), provide the Governor and the Legislature, in the case of the then-applicable certified Budget—

(i) a notice of violation that includes a description of any necessary corrective action; and

(ii) an opportunity to correct the violation by the date that is established in accordance with the notice delivered under subsection (a). The Governor may submit as many revised quarterly reports to the Oversight Board as the schedule established in the notice delivered under subsection (a) permits.

(4) BUDGET REDUCTIONS BY OVERSIGHT BOARD.—If the Oversight Board determines that the Governor and the Legislature, in the case of the

then-applicable certified Budget, have failed to correct a violation identified by the Oversight Board under subsection (f)(3)(B) by a date established in the notice delivered under subsection (a), the Oversight Board shall with respect to the Government of Puerto Rico, make [appropriate across-the-board] reductions in [nondebt] expenditures to ensure that the actual quarterly revenues and expenses for the Government of Puerto Rico are in compliance with the applicable certified Budget or, in the case of the fiscal year in which the Oversight Board is established, the budget adopted by the Governor and the Legislature.

(5) TERMINATION OF BUDGET CUTS.—The Oversight Board shall cancel the reductions under paragraph (4) if the Oversight Board determines that the Government of Puerto Rico, as applicable, has initiated appropriate measures to reduce expenditures or increase revenues to ensure that the Government of Puerto Rico is in compliance with the applicable certified Budget or, in the case of the fiscal year in which the Oversight Board is established, the Budget adopted by the Governor and the Legislature.

SEC. 203. OVERSIGHT BOARD RELATED TO DEBT ISSUANCE AND RESTRUCTURING.

(a) VOLUNTARY AGREEMENT CERTIFICATION.—If the Oversight Board determines, in its sole discretion, that the Government of Puerto Rico has successfully reached a voluntary agreement with holders of its debt to restructure such debt in a manner that provides for a sustainable level of debt and is in conformance with the applicable certified Fiscal Plan, as applicable—

(1) the Oversight Board shall issue a certification to that the voluntary agreement provides for a sustainable level of debt and is in conformance with the applicable certified Fiscal Plan; and

(2) the effectiveness of any such voluntary agreement must be conditioned on the Oversight Board delivering the certification described in paragraph (1)

(b) OVERSIGHT BOARD TO REVIEW DISCRETIONARY TAX WAIVERS.—Within the first six months of the establishment of the Oversight Board, the Governor shall submit an audited report to the Oversight Board documenting all outstanding discretionary tax waiver agreements to which Government of Puerto Rico is a party. No new tax waiver agreements may be executed by the Government of Puerto Rico without the prior approval of the Oversight Board.

SEC. 204. DEVELOPMENT AND APPROVAL OF FISCAL PLANS.

(a) IN GENERAL.—As soon as practicable after at least 3 members have been appointed to the Oversight Board in accordance with section 101(b) in the fiscal year in which the Oversight Board is established and in each fiscal year thereafter during which the Oversight Board is in existence, the Oversight Board shall deliver a notice to the Governor providing a schedule for the process of development, submission, approval, and certification of Fiscal Plans, including any subsequent revisions, which revisions shall be subject to approval and certification by the Oversight Board, for the fiscal years to be addressed by the Fiscal Plans in accordance with subsection (b). The Oversight Board shall consult with the Governor and the Legislature in establishing a schedule, but the Oversight Board shall retain sole discretion to set or, in the future by delivery of a subsequent notice to the Governor and the Legislature, change the dates of such schedule as it deems appropriate and reasonably feasible.

(b) REQUIREMENTS.—

(1) IN GENERAL.—A Fiscal Plan developed under this section shall, with respect to the Government of Puerto Rico—

(A) provide for estimates of revenues and expenditures in conformance with modified accrual accounting standards and based on—

(i) applicable laws; or

(ii) specific bills that require enactment in order to reasonably achieve the projections of the Fiscal Plan;

(B) ensure the funding of essential public services;

(C) provide adequate funding for public pension systems;

(D) provide for the elimination of budget gaps in financing;

(E) for fiscal years covered by a fiscal plan in which a stay under title III is not effective, provide for a debt burden that is sustainable;

(F) improve fiscal governance;

(G) enable the achievement of fiscal targets; and

(H) create independent forecasts of revenue for the period covered by the Fiscal Plan.

(2) TERM.—A Fiscal Plan developed under this section shall cover a period of fiscal years as determined by the Oversight Board, in its sole discretion, but in any case a period of not less than 5 fiscal

years from the fiscal year in which it is certified by the Oversight Board.

(c) DEVELOPMENT, REVIEW, APPROVAL, AND CERTIFICATION OF FISCAL PLANS.—

(1) TIMING REQUIREMENT.—The Governor may not submit to the Legislature a Budget under section 202 for a fiscal year unless the Oversight Board has certified the Fiscal Plan for that fiscal year in accordance with this subsection unless the Oversight Board, in its sole discretion, waives this requirement.

(2) FISCAL PLANS DEVELOPED BY GOVERNOR.—The Governor shall submit to the Oversight Board all proposed Fiscal Plans required by the Oversight Board by the time specified in the notice delivered under subsection (a).

(3) REVIEW BY THE OVERSIGHT BOARD.—The Oversight Board shall review the proposed Fiscal Plans to determine whether each satisfies the requirements set forth in subsection (b) and, if the Oversight Board determines, in its sole discretion, that each proposed Fiscal Plan—

(A) satisfies such requirements, the Oversight Board shall approve the applicable Fiscal Plan; or

(B) does not satisfy such requirements, the Oversight Board shall provide to the Governor—

(i) a notice of violation that includes recommendations for revisions to the applicable Fiscal Plan; and

(ii) an opportunity to correct the violation.

(d) REVISED FISCAL PLANS.—

(1) IN GENERAL.—If the Governor receives a notice of violation under subsection (c)(3), the Governor shall revise and submit to the Oversight Board a revised proposed Fiscal Plan in accordance with subsection (b) and the schedule established in the notice delivered under subsection (a). The Governor may submit as many revised Fiscal Plans to the Oversight Board as the schedule established in the notice delivered under subsection (a) permits.

(2) DEVELOPMENT BY OVERSIGHT BOARD.—If the Governor fails to submit to the Oversight Board a Fiscal Plan that the Oversight Board determines, in its sole discretion, satisfies the requirements set forth in subsection (b) by the time specified in the notice delivered under subsection (a), the Oversight Board shall develop, approve, and submit to the

Governor and the legislature a Fiscal Plan that satisfies the requirements set forth in subsection (b).

(e) APPROVAL AND CERTIFICATION.—

(1) APPROVAL OF FISCAL PLAN DEVELOPED BY GOVERNOR.—If the Oversight Board approves a Fiscal Plan under ⟦subsection (c)(3)⟧, it shall deliver a compliance certification for such Fiscal Plan to the Governor and the Legislature.

(2) DEEMED APPROVAL OF FISCAL PLAN DEVELOPED BY OVERSIGHT BOARD.—If the Oversight Board approves a Fiscal Plan under ⟦subsection (d)(2)⟧, such Fiscal Plan shall be deemed approved by the Governor and the Oversight Board shall issue compliance certification for such Fiscal Plan to the Governor and the Legislature.

SEC. 205. REVIEW OF ACTIVITIES OF GOVERNMENT OF PUERTO RICO TO ENSURE COMPLIANCE WITH APPROVED FINANCIAL PLAN AND BUDGET.

(a) REVIEW OF LEGISLATURE ACTS.—

(1) SUBMISSION OF ACTS TO OVERSIGHT BOARD.—The Legislature shall submit to the Oversight Board each Act passed by the Legislature and signed by the Governor during an oversight year or vetoed by the Governor and repassed by two-thirds

of the Legislature present and voting during an oversight year, and each Act passed by the Legislature and allowed to become effective without the Governor's signature during an oversight year, together with the estimate of costs accompanying such Act.

(2) PROMPT REVIEW BY OVERSIGHT BOARD.—Upon receipt of an Act from the Legislature under paragraph (1), the Oversight Board shall promptly review the Act to determine whether it is consistent with the applicable Fiscal Plan and Budget approved under this subtitle and with the estimate of costs accompanying the Act (described in paragraph (1)).

(3) ACTIONS BY OVERSIGHT BOARD.—

(A) APPROVAL.—If the Oversight Board determines that an Act is consistent with the applicable Fiscal Plan and Budget, the Oversight Board shall notify the Legislature that it approves the Act, and it shall become law.

(B) FINDING OF INCONSISTENCY.—If the Oversight Board determines that an Act is significantly inconsistent with the applicable Fiscal Plan or Budget, the Act shall be null and void, and the Oversight Board shall—

(i) notify the Legislature of its finding;

(ii) provide the Legislature with an explanation of the reasons for its finding; and

(iii) to the extent the Oversight Board considers appropriate, provide the Legislature with recommendations for modifications to the Act.

(4) DEEMED APPROVAL.—If the Oversight Board does not notify the Legislature that it approves or disapproves an Act submitted under this subsection during the 14-day period (excluding Saturdays, Sundays, and legal holidays) that begins on the first day (excluding Saturdays, Sundays, and legal holidays) after the Oversight Board receives the Act from the Legislature, the Oversight Board shall be deemed to have approved the Act in accordance with paragraph (3)(A).

(5) PRELIMINARY REVIEW OF PROPOSED ACTS.—At the request of the Legislature, the Oversight Board may conduct a preliminary review of proposed legislation before the Legislature to determine whether the legislation as proposed would be consistent with the applicable Fiscal Plan and Budg-

et approved under this subtitle, except that any such preliminary review shall not be binding on the Oversight Board in reviewing any Act subsequently submitted under this subsection.

(b) EFFECT OF APPROVED FISCAL PLAN AND BUDGET ON CONTRACTS AND LEASES.—

(1) MANDATORY PRIOR APPROVAL FOR CERTAIN CONTRACTS AND LEASES.—In the case of any contract or lease (other than with vendors) that is proposed to be entered into by the Government of Puerto Rico during an oversight year, the Governor (or the appropriate officer or agent of the Government of Puerto Rico) shall submit the proposed contract or lease to the Oversight Board. The Oversight Board shall review each contract or lease submitted under this paragraph, and the Governor (or the appropriate officer or agent of the Government of Puerto Rico) may not enter into the contract or lease unless the Oversight Board determines that the proposed contract or lease is consistent with the Fiscal Plan and Budget for the fiscal year.

(2) SPECIAL RULE FOR CONTRACTS SUBJECT TO LEGISLATURE APPROVAL.—In the case of a contract or lease that is required to be submitted to the Oversight Board under this subsection and that is

subject to approval by the Legislature under the laws of Puerto Rico, the Governor shall submit such contract or lease to the Oversight Board only after the Legislature has approved the contract or lease, but the contract or lease shall not be effective until approved by the Oversight Board.

(3) APPLICATION TO RULES AND REGULATIONS.—The provisions of this subsection shall apply with respect to a rule or regulation issued or proposed to be issued by the Governor (or the head of any department or agency of the Government of Puerto Rico) in the same manner as such provisions apply to a contract or lease.

(c) RESTRICTIONS ON REPROGRAMMING OF AMOUNTS IN BUDGET DURING OVERSIGHT YEARS.—

(1) SUBMISSIONS OF REQUESTS TO AUTHORITY.—If the Governor submits a request to the Legislature for the reprogramming of any amounts provided in a Budget for an oversight year after the Budget is adopted by the Legislature, the Governor shall submit such request to the Oversight Board, which shall analyze the effect of the proposed reprogramming on the Fiscal Plan and Budget for the fiscal year and submit its analysis to the Legisla-

ture, as soon as practicable, after receiving the request.

(2) NO ACTION PERMITTED UNTIL ANALYSIS RECEIVED.—The Legislature may not adopt a reprogramming during a fiscal year that is an oversight year, and no officer or employee of the Government of Puerto Rico may carry out any reprogramming during such a year, until the Oversight Board has provided the Legislature with an analysis of a request for the reprogramming in accordance with paragraph (1).

SEC. 206. RESTRICTIONS ON BORROWING BY PUERTO RICO DURING OVERSIGHT YEAR.

(a) PRIOR APPROVAL REQUIRED.—

(1) IN GENERAL.—The Government of Puerto Rico may not borrow money during an oversight year unless the Oversight Board provides prior certification that both the receipt of funds through such borrowing and the repayment of obligations incurred through such borrowing are consistent with the Fiscal Plan and Budget for the year.

(2) REVISIONS TO FINANCIAL PLAN AND BUDGET PERMITTED.—If the Oversight Board determines that the borrowing proposed to be undertaken by the Government of Puerto Rico is not consistent with

the Fiscal Plan and Budget, the Governor may submit to the Oversight Board a proposed revision to the Fiscal Plan and Budget in accordance with section 202(c) and 204(c).

(3) BORROWING DESCRIBED.—This subsection shall apply with respect to any borrowing undertaken by the Government of Puerto Rico.

(b) DEPOSIT OF BORROWED FUNDS WITH OVERSIGHT BOARD.—If the Government of Puerto Rico borrows funds during an oversight year, the funds shall be deposited into an escrow account held by the Oversight Board, to be allocated by the Oversight Board to the Governor at such intervals and in accordance with such terms and conditions as it considers appropriate, consistent with the Fiscal Plan and Budget for the year and with any other withholding of funds by the Oversight Board pursuant to this Act.

SEC. 207. EFFECT OF FINDING OF NONCOMPLIANCE WITH FINANCIAL PLAN AND BUDGET.

(a) SUBMISSION OF REPORTS.—Not later than 30 days after the expiration of each quarter of each fiscal year (beginning with fiscal year 2017), the Governor shall submit reports to the Oversight Board describing the actual revenues obtained and expenditures made by the Government of Puerto Rico during the quarter with its cash flows during the quarter, and comparing such actual revenues, expenditures, and cash flows with the most recent projections for these items.

(b) DEMAND FOR ADDITIONAL INFORMATION.—If the Oversight Board determines, based on reports submitted by the Governor under subsection (a), independent audits, or such other information as the Oversight Board may obtain, that the revenues or expenditures of the Government of Puerto Rico during an oversight year are not consistent with the Fiscal Plan or Budget for the year, the Oversight Board shall require the Governor to provide such additional information as the Oversight Board determines to be necessary to explain the inconsistency.

(c) CERTIFICATION OF VARIANCE.—After requiring the Governor to provide additional information under subsection (b), the Oversight Board shall certify to the Legislature, the President, and Congress that the Government of Puerto Rico is at variance with the Fiscal Plan and Budget unless—

(1)(A) the additional information provides an explanation for the inconsistency that the Oversight Board finds reasonable and appropriate; or

(B) the Government of Puerto Rico adopts or implements remedial action (including revising the financial plan and budget pursuant to sections

202(c) and 204(c)) to correct the inconsistency which the Oversight Board finds reasonable and appropriate, taking into account the terms of the Fiscal Plan and Budget; and

(2) the Governor agrees to submit the reports described in subsection (a) on a monthly basis for such period as the Oversight Board may require.

SEC. 208. RECOMMENDATIONS ON FINANCIAL STABILITY AND MANAGEMENT RESPONSIBILITY.

(a) IN GENERAL.—The Oversight Board may at any time submit recommendations to the Governor, the Legislature, the President, and Congress on actions the Government of Puerto Rico or the Federal Government may take to ensure compliance by the Government of Puerto Rico with a Fiscal Plan and Budget or to otherwise promote the financial stability, management responsibility, and service delivery efficiency of the Government of Puerto Rico, including recommendations relating to—

(1) the management of the Government of Puerto Rico's financial affairs, including cash forecasting, information technology, placing controls on expenditures for personnel, reducing benefit costs, reforming procurement practices, and placing other controls on expenditures;

(2) the structural relationship of departments, agencies, and independent agencies within the Government of Puerto Rico;

(3) the modification of existing revenue structures, or the establishment of additional revenue structures;

(4) the establishment of alternatives for meeting obligations to pay for the pensions of former Government of Puerto Rico employees;

(5) modifications or transfers of the types of services that are the responsibility of and are delivered by the Government of Puerto Rico;

(6) modifications of the types of services that are delivered by entities other than the Government of Puerto Rico under alternative service delivery mechanisms (including privatization and commercialization);

(7) the effects of Puerto Rico laws and court orders on the operations of the Government of Puerto Rico;

(8) the establishment of a personnel system for employees of the Government of Puerto Rico that is based upon employee performance standards; and

(9) the improvement of personnel training and proficiency, the adjustment of staffing levels, and

the improvement of training and performance of management and supervisory personnel.

(b) RESPONSE TO RECOMMENDATIONS FOR ACTIONS WITHIN OVERSIGHT BOARD OF THE GOVERNMENT OF PUERTO RICO.—

(1) IN GENERAL.—In the case of any recommendations submitted under subsection (a) during an oversight year that are within the authority of the Government of Puerto Rico to adopt, not later than 90 days after receiving the recommendations, the Governor or the Legislature (whichever has the authority to adopt the recommendation) shall submit a statement to the Oversight Board, the President, and Congress that provides notice as to whether the Government of Puerto Rico will adopt the recommendations.

(2) IMPLEMENTATION PLAN REQUIRED FOR ADOPTED RECOMMENDATIONS.—If the Governor or the Legislature (whichever is applicable) notifies the Oversight Board and Congress under paragraph (1) that the Government of Puerto Rico will adopt any of the recommendations submitted under subsection (a), the Governor or the Legislature (whichever is applicable) shall include in the statement a written

plan to implement the recommendation that includes—

(A) specific performance measures to determine the extent to that the Government of Puerto Rico has adopted the recommendation; and

(B) a schedule for auditing the Government of Puerto Rico's compliance with the plan.

(3) EXPLANATIONS REQUIRED FOR RECOMMENDATIONS NOT ADOPTED.—If the Governor or the Legislature (whichever is applicable) notifies the Oversight Board, the President, and Congress under paragraph (1) that the Government of Puerto Rico will not adopt any recommendation submitted under subsection (a) that the Government of Puerto Rico has authority to adopt, the Governor or the Legislature shall include in the statement explanations for the rejection of the recommendations.

(c) IMPLEMENTATION OF REJECTED RECOMMENDATIONS BY OVERSIGHT BOARD.—

(1) IN GENERAL.—If the Governor or the Legislature (whichever is applicable) notifies the Oversight Board, the President, and Congress under subsection (b)(1) that the Government of Puerto Rico will not adopt any recommendation submitted under

subsection (a) that the Government of Puerto Rico has authority to adopt, the Oversight Board may by a majority vote of its members take such action concerning the recommendation as it deems appropriate, after consulting with the Committee on Natural Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate.

(2) EFFECTIVE DATE.—This subsection shall apply with respect to recommendations of the Oversight Board made after the expiration of the 6-month period that begins on the date of the enactment of this Act.

(d) ADDITIONAL POWER TO ISSUE ORDERS, RULES, AND REGULATIONS.—

(1) IN GENERAL.—In addition to the authority described in subsection (c), the Oversight Board may at any time issue such orders, rules, or regulations as it considers appropriate to carry out the purposes of this Act and the amendments made by this Act, to the extent that the issuance of such an order, rule, or regulation is within the authority of the Governor or the head of any department or agency of the Government of Puerto Rico, and any such order, rule, or regulation shall be legally binding to

the same extent as if issued by the Governor or the head of any such department or agency.

(2) NOTIFICATION.—Upon issuing an order, rule, or regulation pursuant to this subsection, the Oversight Board shall notify the Governor, the Legislature, the President, and Congress.

(3) NO JUDICIAL REVIEW OF DECISION TO ISSUE ORDER.—The decision by the Oversight Board to issue an order, rule, or regulation pursuant to this subsection shall be final and shall not be subject to judicial review.

SEC. 209. OVERSIGHT PERIODS DESCRIBED.

(a) INITIATION.—For purposes of this Act, an ''oversight period'' is initiated upon the occurrence of any of the following events (as determined by the Oversight Board based upon information obtained through the Governor, [the Inspector General of Puerto Rico,] or such other sources as the Oversight Board considers appropriate):

(1) The failure of the Government of Puerto Rico to provide sufficient revenue to a debt service reserve fund of the Oversight Board under subtitle B.

(2) The default by the Government of Puerto Rico with respect to any loans, bonds, notes, or other form of borrowing.

(3) The failure of the Government of Puerto Rico to meet its payroll for any pay period.

(4) The existence of a cash deficit of the Government of Puerto Rico at the end of any quarter of the fiscal year in excess of the difference between the estimated revenues of the Government of Puerto Rico and the estimated expenditures of the Government of Puerto Rico (including repayments of temporary borrowings) during the remainder of the fiscal year or the remainder of the fiscal year together with the first 6 months of the succeeding fiscal year.

(5) The failure of the Government of Puerto Rico to make required payments relating to pensions and benefits for current and former employees of the Government of Puerto Rico.

(6) The failure of the Government of Puerto Rico to make required payments to any entity established under an interstate compact to which Puerto Rico is a signatory.

(b) TERMINATION.—

(1) IN GENERAL.—An oversight period terminates upon the certification by the Oversight Board that—

(A) the Government of Puerto Rico has adequate access to both short-term and long-term credit markets at reasonable interest rates to meet its borrowing needs; and

(B) for 5 consecutive fiscal years (occurring after the date of the enactment of this Act) the expenditures made by the Government of Puerto Rico during each of the years did not exceed the revenues of the Government of Puerto Rico during such years, determined in accordance with generally accepted accounting principles, as contained in the comprehensive annual financial report for Puerto Rico.

[(2) CONSULTATION WITH INSPECTOR GENERAL.—In making the determination under this subsection, the Oversight Board shall consult with the Inspector General of Puerto Rico.]

(c) OVERSIGHT PERIOD DEEMED TO EXIST UPON ENACTMENT.—For purposes of this subtitle, an oversight period is deemed to exist upon the enactment of this Act.

SEC. 210. ELECTRONIC REPORTING.

The[Oversight Board] [Chief Financial Officer] may, in consultation with and through the Department of Treasury of Puerto Rico, ensure the prompt and efficient payment and administration of value added taxes and sales taxes including (without limitation) through the acceleration of payments, allowance of credits for appropriate discounts to accelerate payment, and adoption of electronic reporting, payment and auditing technologies.

Subtitle B—Issuance of Bonds

SEC. 211. OVERSIGHT BOARD TO ISSUE BONDS.

(a) IN GENERAL.—

(1) REQUEST OF GOVERNOR.—Subject to the requirements of this subtitle, the Oversight Board may at the request of the Governor pursuant to an Act of the Legislature issue bonds, notes, or other obligations to borrow funds in the name of and for the use of the Government of Puerto Rico, in such amounts and in such manner as the Oversight Board considers appropriate.

(2) SPECIAL RULE FOR INSTRUMENTALITIES WITH INDEPENDENT BORROWING OVERSIGHT BOARD.—In the case of an agency or instrumentality of the Government of Puerto Rico that under law has the authority to issue bonds, notes, or obligations to borrow funds without the enactment of an

Act of the Legislature, the Oversight Board may issue bonds, notes, or other obligations to borrow funds in the name of and for the use or functions of such agency or instrumentality at the request of the head of the agency or instrumentality.

(b) DEPOSIT OF FUNDS OBTAINED THROUGH BORROWING WITH OVERSIGHT BOARD.—Any funds obtained by the Government of Puerto Rico through borrowing by the Oversight Board pursuant to this subtitle shall be deposited into an escrow account held by the Oversight Board, that shall allocate such funds to the Government of Puerto Rico in such amounts and at such times as the Oversight Board considers appropriate, consistent with the specified purposes of such funds and the applicable financial plan and budget under subtitle A.

(c) USES OF FUNDS OBTAINED THROUGH BONDS.—Any funds obtained through the issuance of bonds, notes, or other obligations pursuant to this subtitle may be used for any purpose (consistent with the applicable financial plan and budget) under subtitle A and for any other purpose that the Oversight Board considers appropriate.

SEC. 212. PLEDGE OF SECURITY INTEREST IN REVENUES OF GOVERNMENT OF PUERTO RICO.

(a) IN GENERAL.—The Oversight Board may pledge or grant a security interest in revenues to individuals or entities purchasing bonds, notes, or other obligations issued pursuant to this subtitle.

(b) DEDICATION OF REVENUE STREAM FROM GOVERNMENT OF PUERTO RICO.—The Oversight Board shall require the Governor—

(1) to pledge or direct taxes or other revenues otherwise payable to the Government of Puerto Rico (that are not otherwise pledged or committed), including payments from the Federal Government, to the Oversight Board for purposes of securing repayment of bonds, notes, or other obligations issued pursuant to this subtitle; and

(2) to transfer the proceeds of any tax levied for purposes of securing such bonds, notes, or other obligations to the Oversight Board immediately upon collection.

SEC. 213. ESTABLISHMENT OF DEBT SERVICE RESERVE FUND.

(a) IN GENERAL.—As a condition for the issuance of bonds, notes, or other obligations pursuant to this subtitle, the Oversight Board shall establish a debt service reserve fund in accordance with this section.

(b) REQUIREMENTS FOR FUND.—

(1) FUND DESCRIBED.—A debt service reserve fund established by the Oversight Board pursuant to

this subsection shall consist of such funds as the Oversight Board may make available, and shall be a trust fund held for the benefit and security of the obligees of the Oversight Board whose bonds, notes, or other obligations are secured by such fund.

(2) USES OF FUNDS.—Amounts in a debt service reserve fund may be used solely for the payment of the principal of bonds secured in whole or in part by such fund, the purchase or redemption of such bonds, the payment of interest on such bonds, or the payment of any redemption premium required to be paid when such bonds and notes are redeemed prior to maturity.

(3) RESTRICTIONS ON WITHDRAWALS.—

(A) IN GENERAL.—Amounts in a debt service reserve fund may not be withdrawn from the fund at any time in an amount that would reduce the amount of the fund to less than the minimum reserve fund requirement established for such fund in the resolution of the Oversight Board creating such fund, except for withdrawals for the purpose of making payments when due of principal, interest, redemption premiums and sinking fund payments, if any, with respect to such bonds for the payment of which other moneys of the Oversight Board are not available, and for the purpose of funding the operations of the Oversight Board for a fiscal year (in such amounts and under such conditions as are established under the budget of the Oversight Board for the fiscal year under section 107).

(B) USE OF EXCESS FUNDS.—Nothing in subparagraph (A) may be construed to prohibit the Oversight Board from transferring any income or interest earned by, or increments to, any debt service reserve fund due to the investment thereof to other funds or accounts of the Oversight Board (to the extent such transfer does not reduce the amount of the debt service reserve fund below the minimum reserve fund requirement established for such fund) for such purposes as the Oversight Board considers appropriate consistent with its powers.

SEC. 214. OTHER REQUIREMENTS FOR ISSUANCE OF BONDS.

The Oversight Board may not at any time issue bonds, notes, or other obligations pursuant to this subtitle that are secured in whole or in part by a debt service reserve fund under section 213 if issuance of such bonds would cause the amount in the debt service reserve fund to fall below the minimum reserve requirement for such fund, unless the Oversight Board at the time of issuance of such bonds shall deposit in the fund an amount (from the proceeds of the bonds to be issued or from other sources) that when added to the amount already in such fund will cause the total amount on deposit in such fund to equal or exceed the minimum reserve fund requirement established by the Oversight Board at the time of the establishment of the fund.

SEC. 215. NO FULL FAITH AND CREDIT OF THE UNITED STATES.

The full faith and credit of the United States is not pledged for the payment of any principal of or interest on any bond, note, or other obligation issued by the Oversight Board pursuant to this subtitle. The United States is not responsible or liable for the payment of any principal of or interest on any bond, note, or other obligation issued by the Oversight Board pursuant to this subtitle.

Subtitle C—Other Duties of Oversight Board

SEC. 221. DUTIES OF OVERSIGHT BOARD DURING YEAR OTHER THAN OVERSIGHT YEAR.

(a) IN GENERAL.—During the period beginning upon the termination of an oversight period pursuant to section

209(b) and ending with the suspension of its activities pursuant to section 108(a), the Oversight Board shall conduct the following activities:

(1) The Oversight Board shall review the budgets of the Government of Puerto Rico adopted by the Legislature for each fiscal year occurring during such period.

(2) At such time prior to the enactment of such budget as the Oversight Board considers appropriate, the Oversight Board shall prepare a report analyzing the budget and submit the report to the Governor, the Legislature, the President, and Congress.

(3) The Oversight Board shall monitor the financial status of the Government of Puerto Rico and shall submit reports to the Governor, the Legislature, the President, and Congress if the Oversight Board determines that a risk exists that an oversight period may be initiated pursuant to section 209(a).

(4) The Oversight Board shall carry out activities under subtitle B with respect to bonds, notes, or other obligations of the Oversight Board outstanding during such period.

(b) REQUIRING GOVERNOR TO SUBMIT BUDGETS TO OVERSIGHT BOARD.—With respect to the budget for each fiscal year occurring during the period described in subsection (a), the Governor shall submit the budget of the Government of Puerto Rico adopted by the Legislature to the Oversight Board.

SEC. 222. GENERAL ASSISTANCE IN ACHIEVING FINANCIAL STABILITY AND MANAGEMENT EFFICIENCY.

In addition to any other actions described in this title, the Oversight Board may undertake cooperative efforts to assist the Government of Puerto Rico in achieving financial stability and management efficiency, including—

(1) assisting the Government of Puerto Rico in avoiding defaults, eliminating and liquidating deficits, maintaining sound budgetary practices, and avoiding interruptions in the delivery of services;

(2) assisting the Government of Puerto Rico in improving the delivery of municipal services, the training and effectiveness of personnel of the Government of Puerto Rico, and the efficiency of management and supervision; and

(3) making recommendations to the President for transmission to Congress on changes to this Act or other Federal laws, or other actions of the Federal Government, that would assist the Government

of Puerto Rico in complying with an approved Fiscal Plan and Budget.

SEC. 223. OBTAINING REPORTS.

The Oversight Board may require the Governor, the Legislature, and the Inspector General of Puerto Rico, to prepare and submit such reports as the Oversight Board considers appropriate to assist it in carrying out its responsibilities under this Act, including submitting copies of any reports regarding revenues, expenditures, budgets, costs, plans, operations, estimates, and other financial or budgetary matters of the Government of Puerto Rico.

SEC. 224. REPORTS AND COMMENTS.

(a) ANNUAL REPORTS TO CONGRESS.—Not later than 30 days after the last day of each fiscal year that is an oversight year, the Oversight Board shall submit a report to Congress describing—

(1) the progress made by the Government of Puerto Rico in meeting the objectives of this Act during the fiscal year;

(2) the assistance provided by the Oversight Board to the Government of Puerto Rico in meeting the purposes of this Act for the fiscal year; and

(3) any other activities of the Oversight Board during the fiscal year.

(b) Review and Analysis of Performance and Financial Accountability Reports.—In the case of any report submitted by the Governor for a fiscal year (or any quarter of a fiscal year) that is an oversight year, the Governor shall submit the report to the Oversight Board. The Oversight Board shall review each report prepared and submitted by the Governor and shall submit a report to Congress analyzing the completeness and accuracy of such reports.

(c) Comments Regarding Activities of Government of Puerto Rico.—At any time during an oversight year, the Oversight Board may submit a report to Congress describing any action taken by the Government of Puerto Rico (or any failure to act by the Government of Puerto Rico) that the Oversight Board determines will adversely affect the Government of Puerto Rico's ability to comply with an approved financial plan and budget under title I or will otherwise have a significant adverse impact on the best interests of Puerto Rico.

(d) Making Reports Publicly Available.—The Oversight Board shall make any report submitted under this section available to the public, except to the extent that the Oversight Board determines that the report contains confidential material.

TITLE III—ADJUSTMENTS OF DEBTS

SEC. 301. APPLICABILITY OF OTHER LAWS; DEFINITIONS.

(a) SECTIONS APPLICABLE TO PROCEEDINGS UNDER THIS TITLE.—Sections 101 (except as otherwise provided in this section), 102, 104, 105, 106, 107, 108, 112, 327, 328, 329, 330, 331, 333, 344, 347(b), 349, 350(b), 351, 361, 362, 364(c), 364(d), 364(e), 364(f), 365, 366, 501, 502, 503, 504, 506, 507(a)(2), 509, 510, 524(a)(1), 524(a)(2), 544, 545, 546, 547, 548, 549(a), 549(c), 549(d), 550, 551, 552, 553, 555, 556, 557, 559, 560, 561, 562, 902 (except as otherwise provided in this section), 922, 923, 925, 926, 927, 928, 944, 945, 946, 1102, 1103, 1109, 1111(b), 1122, 1123(a)(1), 1123(a)(2), 1123(a)(3), 1123(a)(4), 1123(a)(5), 1123(b), 1123(d), 1124, 1125, 1126(a), 1126(b), 1126(c), 1126(e), 1126(f), 1126(g), 1127(d), 1128, 1129(a)(2), 1129(a)(3), 1129(a)(6), 1129(a)(8), 1129(a)(10), 1129(b)(1), 1129(b)(2)(A), 1129(b)(2)(B), 1142(b), 1143, 1144, 1145, and 1146(a) of title 11, United States Code, apply in a case under this title.

(b) MEANINGS OF TERMS.—A term used in a section of title 11, United States Code, made applicable in a case under this title by subsection (a), has the meaning given to the term for the purpose of the applicable section, unless the term is otherwise defined in this Act.

(c) AFFILIATE.—The term ''affiliate'' means, in addition to the definition made applicable in a case under this title by subsection (a)—

(1) for a territory, any territorial instrumentality; and

(2) for a territorial instrumentality, the governing territory and any of the other territorial instrumentalities of the territory.

(d) PROPERTY OF THE ESTATE.—The term ''property of the estate,'' when used in a section of title 11 or 28, United States Code, made applicable in a case under this title by subsection (a), means property of the debtor.

(e) TERRITORY.—The term ''territory'' means—

(1) American Samoa;

(2) Guam;

(3) the Commonwealth of the Northern Mariana Islands;

(4) the Commonwealth of Puerto Rico; and

(5) the United States Virgin Islands.

(f) TERRITORIAL INSTRUMENTALITY.—The term ''territorial instrumentality''—

(1) means any political subdivision, public agency, instrumentality, or public corporation of a territory; and

(2) does not include an Oversight Board.

(g) TRUSTEE.—The term ''trustee'', when used in a section of title 11, United States Code, made applicable in a case under this title by subsection (a), means the Oversight Board.

(h) REFERENCE TO TITLE.—Solely for purposes of this title, a reference to a case under ''title 11'' or words of similar import in a section of titles 11 and 28, United States Code, or in the Federal Rules of Bankruptcy Procedure, made applicable in a case under this title shall be deemed to be a reference to this title.

SEC. 302. WHO MAY BE A DEBTOR.

(a) [______].—An entity may be a debtor under this title if—

(1) the entity is—

(A) a territory that is subject to an Oversight Board pursuant to an Act of the U.S. Congress; or

(B) a territorial instrumentality of a territory as described in subparagraph (1)(A);

(2) the Oversight Board on behalf of the entity has released the entity's audited financials for the most recently completed fiscal year;

(3) [the entity is insolvent;]

(4) the entity has completed negotiations to attempt voluntary debt restructuring;

(5) the Oversight Board has authorized the filing of a petition;

(b) [______].—Notwithstanding subsections (a)(2) and (a)(3), the Oversight Board may authorize the filing of a petition if in the Oversight Board's sole and exclusive discretion, an exigency exists.

SEC. 303. RESERVATION OF TERRITORIAL POWER TO CONTROL TERRITORY AND TERRITORIAL INSTRUMENTALITIES.

Except as otherwise provided in this Act, this title does not limit or impair the power of a territory to control, by legislation or otherwise, the territory or any territorial instrumentality thereof in the exercise of the political or governmental powers of the territory or territorial instrumentality, including expenditures for such exercise, but—

(1) a territory law prescribing a method of composition of indebtedness of the territory or any territorial instrumentality thereof may not bind any creditor that does not consent to the composition; and

(2) a judgment entered under a law described in paragraph (1) may not bind a creditor that does not consent to the composition.] OR

SEC. 304. PETITION AND PROCEEDINGS RELATING TO PETITION.

(a) COMMENCEMENT OF CASE.—

(1) PETITION.—A case under this title may be commenced by [an/the] Oversight Board by filing a petition in the district court in which venue is proper under section 307. If the Oversight Board is filing petitions for more than 1 debtor, the Oversight Board shall file a separate petition for each debtor.

(2) DETERMINATION REQUIRED.—[An/the] Oversight Board, on behalf of, and acting as agent for, the debtor, may file a petition under paragraph (1) for a debtor if the Oversight Board has made a determination that the debtor satisfies the requirements under section 302.

(b) OBJECTION TO PETITION.—After any objection to the petition, the court, after notice and a hearing, may dismiss the petition if the debtor does not satisfy the requirements under section 302.

(c) ORDER OF RELIEF.—The commencement of a case under this title constitutes an order for relief.

(d) APPEAL.—The court may not—

(1) on account of an appeal from an order for relief, delay any proceeding under this title in the case in which the appeal is being taken; or

(2) nor shall any court order a stay of such proceeding pending the appeal.

(e) VALIDITY OF DEBT.—The reversal on appeal of a finding of jurisdiction shall not affect the validity of any debt incurred that is authorized by the court under section 364(c) or 364(d) of title 11, United States Code.

SEC. 305. JURISDICTION; REMOVAL; APPEALS.

(a) FEDERAL SUBJECT MATTER JURISDICTION.—Except as provided in section 306 the district courts shall have—

(1) except as provided in paragraph (2), the district court shall have original and exclusive jurisdiction of all cases under this title;

(2) Except as provided in paragraph (3), and notwithstanding any Act of Congress that confers exclusive jurisdiction on a court or courts other than the district courts, the district courts shall have original but not exclusive jurisdiction of all civil proceedings arising under this title, or arising in or related to cases under this title.

(3) The district court in which a case under this title is commenced or is pending shall have ex-

clusive jurisdiction of all property, wherever located, of the debtor as of the commencement of such case.

(b) PERSONAL JURISDICTION.—The district court in which a case under this title is pending shall have personal jurisdiction over any person or entity to the fullest extent permitted under the Constitution of the United States.

(c) REMOVAL AND REMAND.—

(1) REMOVAL.—A party may remove any claim or cause of action in a civil action other than a proceeding before the United States Tax Court or a civil action by a governmental unit to enforce the police or regulatory power of the governmental unit, to the district court for the district in which the civil action is pending, if the district court has jurisdiction of the claim or cause of action under this section.

(2) REMAND.—The district court to which the claim or cause of action is removed under paragraph (1) may remand the claim or cause of action on any equitable ground. An order entered under this subsection remanding a claim or cause of action, or a decision to not remand, is not reviewable by appeal or otherwise by the court of appeals under section 158(d), 1291, or 1292 of title 28, United States

Code, or by the Supreme Court of the United States under section 1254 of title 28, United States Code.

SEC. 306. LIMITATION ON JURISDICTION AND POWERS OF COURT.

(a) IN GENERAL.—Except as otherwise provided in this Act, notwithstanding any power of the court, unless the Oversight Board on behalf of the debtor agrees or the plan of adjustment so provides, the court may not, by any stay, order, or decree, in the case or otherwise, interfere with—

(1) any of the political or governmental powers of the debtor;

(2) any of the property or revenues of the debtor; or

(3) the use or enjoyment by the debtor of any income-producing property.

(b) PERMISSIVE ABSTENTION.—Nothing in this title prevents a district court in the interests of justice from abstaining from hearing a particular proceeding arising in or related to a case under this title.

(c) MANDATORY ABSTENTION AND CERTIFICATION TO TERRITORIAL HIGH COURT.—

(1) MANDATORY ABSTENTION.—Unless the territorial high court for the relevant territory has previously rendered a controlling decision on the issue,

the court shall abstain from hearing and determining an issue requiring resolution of—

(A) interests in property under the laws of the territory; or

(B) interpretation or application of the constitution of the territory.

(2) CERTIFICATION.—The court shall certify an issue described in paragraph (1) to the territorial high court.

(3) ACCEPTANCE OF CERTIFICATION.—A territorial high court shall accept a certification under paragraph (2) not later than 10 days after the certification is made.

(4) BINDING DECISION.—A decision by the territorial high court regarding an issue certified under paragraph (2) shall be binding on a court, other than the Supreme Court of the United States, in a proceeding arising under this title or arising in or relating to a case under this title.

SEC. 307. VENUE.

Venue for a case under this title shall be proper—

(1) with respect to a territory, in the district court for the territory, or, for a territory that does not have a district court, in the United States District Court for the District of Hawaii; and

(2) with respect to a territorial instrumentality, in the district court for the affiliate territory or, for a territory that does not have a district court, in the United States District Court for the District of Hawaii.

(3) [If the Oversight Board determines that the venue under paragraphs (1) and (2) will not adequately provide for proper case management, then venue shall be proper in the district court for the jurisdiction in which the Oversight Board maintains an office that is located outside the territory.]

SEC. 308. APPLICABLE RULES OF PROCEDURE.

(a) APPLICABLE RULES.—Subject to subsection (b), the Federal Rules of Bankruptcy Procedure shall be applicable in a case under this title. To the extent just and consistent with the provisions of this title, the court shall apply the rules of the Federal Rules of Bankruptcy Procedure as if the case were a case under chapter 9 of title 11, United States Code.

(b) RULEMAKING.—The Supreme Court of the United States shall have the power to prescribe by general rules, the forms of process, writs, pleadings, and motions, and the practice and procedure in cases under this title, which may include amendments to the Federal Rules of Bankruptcy Procedure. Any such rule shall not abridge, enlarge, or modify any substantive right. The Supreme Court of the United States shall transmit to Congress a copy of the proposed rule not later than May 1 of the year in which a rule prescribed under this section is to become effective. The rule shall take effect no earlier than December 1 of the year in which it is transmitted to Congress unless otherwise provided by law.

SEC. 309. ROLE AND CAPACITY OF OVERSIGHT BOARD.

(a) ACTIONS OF OVERSIGHT BOARD.—Subject to sections 303 and 307, for the purposes of this title, the Oversight Board, as agent for the debtor, may take any action necessary on behalf of the debtor to prosecute the case of the debtor, including—

(1) filing a petition under section 304(a);

(2) submitting or modifying a plan of adjustment under sections 315 and 316; or

(3) otherwise generally submitting filings in relation to the case with the court.

(b) REPRESENTATIVE OF DEBTOR.—The Oversight Board in a case under this title is the representative of the debtor.

(c) CAPACITY.—The Oversight Board in a case under this title has the capacity to sue and be sued, but only in its representative capacity on behalf of and as agent for a debtor.

SEC. 310. LIST OF CREDITORS.

The Oversight Board shall file a list of creditors.

SEC. 311. DISMISSAL.

After notice and a hearing, the court may dismiss a case under this title for cause, including—

(1) want of prosecution;

(2) unreasonable delay by the Oversight Board that is prejudicial to creditors;

(3) failure to propose a plan within the time fixed under section 313(b);

(4) if a plan is not accepted within any fixed time by the court;

(5) denial of confirmation of a plan under section 315 and denial of additional time for filing another plan or a modification of the plan; or

(6) if the court has retained jurisdiction after confirmation of a plan—

(A) material default by the debtor or the Oversight Board with respect to a term of the plan; or

(B) termination of the plan by reason of the occurrence of a condition specified in the plan.

SEC. 312. LEASES.

A lease to a territory or territorial instrumentality shall not be treated as an executory contract or unexpired lease for the purposes of section 365 or 502(b)(6) of title 11, United States Code, solely by reason of the lease being subject to termination in the event the debtor fails to appropriate rent.

SEC. 313. FILING OF PLAN OF ADJUSTMENT.

(a) EXCLUSIVITY.—Only the Oversight Board may file a plan of adjustment of the debts of the debtor.

(b) DEADLINE FOR FILING PLAN.—If the Oversight Board does not file a plan of adjustment with the petition, the Oversight Board shall file a plan of adjustment at the time set by the court.

(c) PLAN FOR AFFILIATES.—The Oversight Board may submit a joint plan of adjustment for multiple debtors if they are affiliates, provided that the requirements of section 315 shall apply to each debtor to which the plan applies. Nothing in this subsection shall be construed as authorizing substantive consolidation of cases or the affecting through consolidation of secured creditors' interests in their collateral.

SEC. 314. MODIFICATION OF PLAN.

The Oversight Board may modify the plan at any time before confirmation, but may not modify the plan so that the plan as modified fails to meet the requirements of this title. After the Oversight Board files a modification, the plan as modified becomes the plan.

SEC. 315. CONFIRMATION.

(a) OBJECTION.—A special tax payer may object to confirmation of a plan.

(b) CONFIRMATION.—The court shall confirm the plan if—

(1) except as provided in subsection (c), the plan complies with the provisions of title 11 of the United States Code, made applicable to a case under this title by [section 401];

(2) the plan complies with the provisions of this title;

(3) all amounts paid or to be paid by the debtor or by any person for services or expenses in the case or incident to the plan have been fully disclosed and are reasonable;

(4) the debtor is not prohibited by law from taking any action necessary to carry out the plan;

(5) except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that on the effective date of the plan each holder of a claim of a kind specified in 507(a)(2) of title 11, United States Code, will receive on account of such claim cash equal to the allowed amount of such claim;

(6) any regulatory or electoral approval necessary under applicable law in order to carry out any

provision of the plan has been obtained, or such provision is expressly conditioned on such approval; and

(7) the plan is in the best interests of creditors and is feasible.

(8) the plan is consistent with the applicable fiscal plan certified by the Oversight Board under Title I.

SEC. 316. APPLICABILITY.

(a) **[**______**]**.—This title shall apply with respect to—

(1) cases commenced under this title on or after the date of enactment of this Act; and

(2) debts, claims, and liens created before, on, or after the date of enactment of this Act.

(b) **[**______**]**.—Nothing in this title shall be construed to limit the powers of an Oversight Board enumerated unto such Oversight Board by the U.S. Congress in any manner whatsoever.

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. LEGISLATURE APPROVAL OF CERTAIN CONTRACTS.

(a) CONTRACTS EXCEEDING CERTAIN AMOUNT.—

(1) IN GENERAL.—No contract involving expenditures in excess of $1,000,000 during a 12-

month period may be made unless the Governor submits the contract to the Legislature for its approval and the Legislature approves the contract (in accordance with criteria established by Act of the Legislature).

(2) DEEMED APPROVAL.—For purposes of paragraph (1), the Legislature shall be deemed to approve a contract if—

(A) during the 10-day period beginning on the date the Governor submits the contract to the Legislature, no member of the Legislature introduces a resolution approving or disapproving the contract; or

(B) during the 45-calendar day period beginning on the date the Governor submits the contract to the Legislature, the Legislature does not disapprove the contract.

(b) EFFECTIVE DATE.—This section shall apply to contracts made on or after the date of the enactment of this Act.

[SEC. 402. REPORT BY OVERSIGHT BOARD.

[Some mechanism to be sure the Oversight Board is carrying out its duties.]]

SEC. 403. DEFINITIONS.

In this Act, the following definitions apply:

(1) OVERSIGHT BOARD.—The term ''Oversight Board'' means the Puerto Rico Financial Oversight and Management Board established under section 101(a).

(2) OVERSIGHT PERIOD.—The term ''oversight period'' has the meaning given such term in section 209.

(3) OVERSIGHT YEAR.—The term ''oversight year'' means any fiscal year for that a Fiscal Plan and Budget approved by the Oversight Board under section 202 and section 204 is in effect, and includes fiscal year 2017.

(4) FISCAL PLAN AND BUDGET.—The term ''Fiscal Plan and Budget'' means a Fiscal Plan developed under section 204 and Budget developed in section 202.

(5) GOVERNOR.—The term ''Governor'' means the Governor of Puerto Rico.

(6) LEGISLATURE.—The term ''Legislature'' means the Legislature of Puerto Rico.

(7) GOVERNMENT OF PUERTO RICO.—The term ''Government of Puerto Rico'' means the Government of Puerto Rico, including any department, agency, or instrumentality of the Government of Puerto Rico; any independent agency of Puerto Rico

or any other agency, board, or commission established by the Governor or the Legislature; the Legislature of Puerto Rico; and any other agency, public authority, or public benefit corporation that has the authority to receive money directly or indirectly from Puerto Rico (other than monies received from the sale of goods, the provision of services, or the loaning of funds to Puerto Rico), except that such term does not include the Oversight Board.

SEC. 404. RULES OF CONSTRUCTION.

Nothing in this Act may be construed—

(1) to relieve any obligations existing as of the date of the enactment of this Act of the Government of Puerto Rico to repay any individual or entity from whom Puerto Rico has borrowed funds, whether through the issuance of bonds or otherwise;

(2) to limit the authority of Congress to exercise ultimate legislative authority over Puerto Rico; and

(3) to authorize the application of section 103(e) of this Act (relating to issuance of subpoenas) to judicial officers or employees of Puerto Rico courts.

SEC. 405. EXPEDITED SUBMISSION AND APPROVAL OF CONSENSUS FISCAL PLAN AND BUDGET.

Notwithstanding any other provision of this section, if the Governor, the Legislature, and the Oversight Board jointly develop a Fiscal Plan and Budget for the fiscal year that meets the requirements applicable under section 201, 202, and 204 and that the Governor, Legislature, and Oversight Board certify reflects a consensus among them—

(1) such Fiscal Plan and Budget shall serve as the Fiscal Plan and Budget of the Government of Puerto Rico for the fiscal year adopted by the Legislature under sections 202 and 204; and

(2) the Oversight Board shall transmit the Fiscal Plan and Budget to the President and Congress.

SEC. 406. AMENDMENT.

Section 362(a) of title 11, United States Code, is amended by—

(1) striking ‘‘, or an application’’ and inserting ‘‘, an application’’; and

(2) adding ‘‘or a petition filed under section 304(a) of the Territory Economic Stabilization and Investor Protection Act of 2016,’’ after ‘‘1970,’’.

SEC. 407. SEVERABILITY.

If any provision of this Act, or the application of any provision of this Act, to any person or circumstance, is found to be unconstitutional, the remainder of this Act, or the application of the provision to other persons or circumstances, shall not be affected.

SEC. 408. RIGHT OF PUERTO RICO TO DETERMINE ITS FUTURE POLITICAL STATUS.

Nothing in this Act shall be interpreted to restrict Puerto Rico's rights to determine its future political status, including by conducting the plebiscite as authorized by Public Law 113–76.

SECTION 409. FIRST MINIMUM WAGE IN PUERTO RICO.

Section 6(g)(4) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)(4) is amended by striking ''years'' and inserting ''years, except in the case of the wage applicable in Puerto Rico, 25 years''.

SECTION 410. APPLICATION OF REGULATION TO PUERTO RICO.

The regulations issued by the Secretary of Labor relating to exemptions regarding the rates of pay for executive, administrative, professional, outside sales, and computer employees, and published in the Federal Register on July 6, 2015, shall have no force or effect in the Commonwealth of Puerto Rico.

SEC. 411. LAND CONVEYANCE AUTHORITY, VIEQUES NATIONAL WILDLIFE REFUGE, VIEQUES ISLAND.

Section 1508(c) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (as enacted into law by Public Law 106–398; 114 Stat. 1654A–356) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary''; and

(2) by adding at the end the following new paragraphs:

''(2) CONVEYANCE AUTHORITY.—

''(A) CONVEYANCE AUTHORIZED, PURPOSE.—Except as provided in subparagraph (B), the Secretary of the Interior is authorized to convey, without consideration, all or any portion of the Conservation Zones transferred to the Secretary under subsection (a) to the Commonwealth of Puerto Rico for the purpose of permitting the Commonwealth of Puerto Rico to use or further convey the property for the benefit of the Municipality of Vieques and its residents.

''(B) CERTAIN LANDS EXCLUDED.—The conveyance authority provided by this paragraph does not include the land encompassing Solid Waste Management Unit 4, as depicted on the map of former Naval Ammunition Support Detachment, Vieques, maintained by the Naval Facilities Engineering Command.

"(C) INDEMNIFICATION.—The indemnification requirements and conditions specified in section 1502(e) of this Act shall apply with respect to the release or threatened release (after the conveyance is made under this paragraph) of any hazardous substance or pollutant or contaminant as a result of Department of Defense activities on the conveyed property.

"(D) RELATION TO COOPERATIVE AGREEMENT.—The cooperative agreement entered into under subsection (d)(1) shall no longer apply to any portion of the Conservation Zones conveyed by the Secretary of the Interior under this paragraph.

"(E) RELATION TO OTHER LAWS.—Nothing in this paragraph shall be construed to affect the continued applicability of section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9620(h)) and the Endangered

Species Act of 1973 (16 U.S.C. 1531 et seq.) to any portion of the Conservation Zones conveyed by the Secretary of the Interior under this paragraph.''.

SECTION 412. STUDY AND REPORTS REGARDING PUERTO RICO PUBLIC PENSION PLANS.

(a) STUDY OF PUERTO RICO PUBLIC PENSION DEBT.—Not later than 6 months after the establishment of the Puerto Rico Financial Responsibility and Management Assistance Authority, if any such Authority is established, the Joint Board for the Enrollment of Actuaries established under section 3041 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1241) shall report to such Authority and the Office of Domestic Finance of the Department of the Treasury on the following with respect to the Puerto Rico public pension plans:

(1) Recommendations on actions that would be necessary to ensure that such plans can be sustainably maintained and funded by the government of Puerto Rico for the next 20 years.

(2) Whether a freeze of future benefit accruals under such plans is necessary or advisable.

(3) The extent to which benefit reductions to core or ancillary benefits, such as have been made in previous municipal bankruptcy proceedings, would

be necessary or advisable to attain sustainability for such plans or create parity with payment reductions applicable to retired individuals who are, directly or indirectly, Puerto Rico bondholders.

The Joint Board may, in its discretion, seek assistance from the Advisory Committee on Actuarial Examinations of the Joint Board, and may expand the size of such committee as appropriate to accomplish the requirements of this subsection in a timely manner.

(b) REPORTING REQUIREMENTS FOR PUERTO RICO PUBLIC PENSION PLANS.—

(1) IN GENERAL.—The plan sponsor of a Puerto Rico public pension plan shall file with the Secretary of the Treasury, or the Secretary's delegate (referred to in this subsection as the "Secretary"), in such form and manner as shall be prescribed by the Secretary, an actuarial statement for each plan year ending on or after the date of the enactment of this Act.

(2) REQUIREMENTS.—

(A) TIMING OF REPORT.—The plan sponsor of a Puerto Rico public pension plan shall make the filing required under paragraph (1) for each plan year not later than 90 days after the end of such plan year.

(B) INDEPENDENT ACTUARY.—The actuarial statement required under paragraph (1) for each plan year shall be prepared by an independent actuary.

(C) FAIR MARKET VALUE.—The actuarial statement required under paragraph (1) shall contain information regarding the fair market value of the plan's assets and liabilities, as determined using a discount rate equal to—

(i) the high yield of the 10-year Treasury note auctioned at the final auction held prior to the last day of the plan year,

(ii) the high yield of the 30-year Treasury bond auctioned at the final auction held prior to the last day of the plan year, and

(iii) any other interest rate or rates used by the plan to determine the value of plan assets or liabilities.

(D) AVAILABILITY OF REPORTS.—Upon receipt of each actuarial statement described in paragraph (1), the Secretary shall immediately post such report on the Internet website of the Department of the Treasury and transmit such report to the Chair of the Securities and Exchange Commission and the Board of Directors of the Municipal Securities Rulemaking Board.

(c) PUERTO RICO PUBLIC PENSION PLAN.—For purposes of this section, the term ''Puerto Rico public pension plan'' means any of the following maintained by the government of Puerto Rico:

(1) The Employees Retirement System (ERS).

(2) The Teachers Retirement System (TRS).

(3) The Judiciary Retirement System (JRS).

SEC. 413. AUTOMATIC STAY UPON ENACTMENT.

(a) **[**______**]**.—Except as provided in subsection (b) of this section, the establishment of a Oversight Board for Puerto Rico in accordance with section 101 operates with respect to a Bond as a stay, applicable to all entities (as such term is defined in section 101 of title 11, United States Code), of—

(1) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Government of Puerto Rico that was or could have been commenced before the enactment of this Act, or to recover a Bond Claim against the Government of Puerto Rico that arose before the enactment of this Act;

(2) the enforcement, against the Government of Puerto Rico or against property of the Government of Puerto Rico, of a judgment obtained before the enactment of this Act;

(3) any act to obtain possession of property of the Government of Puerto Rico or of property from the Government of Puerto Rico or to exercise control over property of the Government of Puerto Rico;

(4) any act to create, perfect, or enforce any lien against property of the Government of Puerto Rico;

(5) any act to create, perfect, or enforce against property of the Government of Puerto Rico any lien to the extent that such lien secures a Bond Claim that arose before the enactment of this Act;

(6) any act to collect, assess, or recover a Bond Claim against the Government of Puerto Rico that arose before the enactment of this Act; and

(7) the setoff of any debt owing to the Government of Puerto Rico that arose before the enactment of this Act against any Bond Claim against the Government of Puerto Rico.

(b) [______].—The establishment of a Oversight Board for Puerto Rico in accordance with section 101 does not operate as a stay solely under subsection (a)(1) of this section, of the continuation of, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the Government of Puerto Rico that was commenced on or before December 18, 2015.

(c) [______].—Except as provided in subsections (d), (e), and (f) of this section the stay under subsection (a) of this section continues until the earlier of—

(1) the date that is 18 months after the date of enactment of this Act; or

(2) with respect to the Government of Puerto Rico, the date on which a case is filed by or on behalf of the Government of Puerto Rico, as applicable, under title IV.

[(d) JURISDICTION.—]

[(1) The United States District Court for the District of Puerto Rico shall have original and exclusive jurisdiction of any civil actions arising under this chapter.]

[(2) On motion of a party in interest and after notice and a hearing, the United States District Court for the District of Puerto Rico shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay for cause.]

(e) [______].—Thirty days after a request under subsection (d) of this section for relief from the stay of any act against property of the Government of Puerto Rico under subsection (a) of this section, such stay is terminated with respect to the party in interest making such request, unless the court, after notice and a hearing, orders such stay continued in effect pending the conclusion of, or as a result of, a final hearing and determination under subsection (d) of this section. A hearing under this subsection may be a preliminary hearing, or may be consolidated with the final hearing under subsection (d) of this section. The court shall order such stay continued in effect pending the conclusion of the final hearing under subsection (d) of this section if there is a reasonable likelihood that the party opposing relief from such stay will prevail at the conclusion of such final hearing. If the hearing under this subsection is a preliminary hearing, then such final hearing shall be concluded not later than thirty days after the conclusion of such preliminary hearing, unless the 30-day period is extended with the consent of the parties in interest or for a specific time which the court finds is required by compelling circumstances.

(f) [______].—Upon request of a party in interest, the court, with or without a hearing, shall grant such relief from the stay provided under subsection (a) of this section as is necessary to prevent irreparable damage to the interest of an entity in property, if such interest will suffer such damage before there is an opportunity for notice and a hearing under subsection (d) or (e) of this section.

(g) [______].—No order, judgment, or decree entered in violation of this section will have any force or effect.

(h) [______].—For purposes of this chapter, the term Government of Puerto Rico shall be understood to include the directors and officers of and employees acting in their official capacity on behalf of the Government of Puerto Rico, as well as the Oversight Board.

(i) NO DEFAULT UNDER EXISTING CONTRACTS.—

(1) Notwithstanding any contractual provision or applicable law to the contrary and so long as a stay under this section is in effect, the holder of a Bond Claim or any other claim (as such term is defined in section 101 of title 11, United States Code) may not exercise or continue to exercise any remedy under a contract or applicable law—

(A) that is conditioned upon the financial condition of, or the commencement of a restructuring, insolvency, bankruptcy, or other proceeding (or a similar or analogous process) by, the Government of Puerto Rico, including a default or an event of default thereunder; or

(B) solely with respect to Bond Claims—

(i) for the non-payment of principal or interest; or

(ii) for the breach of any condition or covenant.

(2) The term ''remedy'' as used in paragraph (1) shall be interpreted broadly, and shall include any right existing in law or contract, and any right to—

(A) setoff;

(B) apply or appropriate funds;

(C) seek the appointment of a custodian;

(D) seek to raise rates; or

(E) exercise control over property of the Government of Puerto Rico.

(3) Notwithstanding any contractual provision or applicable law to the contrary and so long as a stay under this section is in effect, a contract to which the Government of Puerto Rico is a party may not be terminated or modified, and any right or obligation under such contract may not be terminated or modified, solely because of a provision in such contract conditioned on—

(A) the insolvency or financial condition of the Government of Puerto Rico at any time prior to the effectiveness of the stay under this section;

(B) the adoption of a resolution or establishment of a Oversight Board pursuant to section 101 of this Act; or

(C) a default under a separate contract that is due to, triggered by, or a result of the occurrence of the events or matters in subparagraph (i)(1)(B).

(4) Notwithstanding any contractual provision to the contrary and so long as a stay under this section is in effect, a counterparty to a contract with the Government of Puerto Rico for the provision of goods and services shall, unless the Government of Puerto Rico advises to the contrary in writing, continue to perform all obligations under, and comply with the terms of, such contract so long as a stay under this section is in effect, provided that the Government of Puerto Rico is not in default under such contract other than as a result of a condition specified in paragraph (3) of this section.

TITLE V—PUERTO RICO REVITALIZATION ACT

SEC. 501. DEFINITIONS.

In this title:

(1) ACT 76.—The term “Act 76” means Puerto Rico Act 76-2000 (3 L.P.R.A. 1931 et seq.), approved on May 5, 2000, as amended.

(2) OVERSIGHT BOARD.—The term “Oversight Board” means the Puerto Rico Financial Oversight and Management Assistance Board as defined by section [101] of this Act.

(3) CRITICAL PROJECT.—The term “Critical Project” means a project identified under the provisions of this Title and intimately related to addressing an emergency, as defined by section 1 of Act 76 (3 L.P.R.A. 1931), whose approval, consideration, permitting, and implementation shall be expedited and streamlined according to the statutory process provided by Act 76, or otherwise adopted pursuant to this title.

(4) ENERGY PROJECTS.—The term “Energy Projects” means those projects addressing the generation, distribution, or transmission of energy, natural gas, and similar fuels.

(5) EMERGENCY.—The term ''emergency'' means any event or grave problem of deterioration in the physical infrastructure for the rendering of essential services to the people, or that endangers the life, public health, or safety of the population or of a sensitive ecosystem. This shall include problems in the physical infrastructure for energy, water, sewer, solid waste, highways or roads, ports, telecommunications and other similar infrastructure.

(6) ENVIRONMENTAL QUALITY BOARD.—The term ''Environmental Quality Board'' means the Puerto Rico Environmental Quality Board, a board within the executive branch of the Government of Puerto Rico as established by section 7 of the Puerto Rico Act 416–2004 (12 L.P.R.A. 8002a).

(7) EXPEDITED PERMITTING PROCESS.—The term ''Expedited Permitting Process'' means a Puerto Rican Agency's alternate procedures and terms mirroring those established under section 2 of Act 76 (3 L.P.R.A. 1932).

(8) FISCAL PLAN.—The term ''Fiscal Plan'' means the Fiscal Plan as defined by section [204] of this Act.

(9) GOVERNOR.—The term ''Governor'' means the Governor of Puerto Rico.

(10) INTERAGENCY ENVIRONMENTAL SUBCOMMITTEE.—The Term "Interagency Environmental Subcommittee" means the Interagency Subcommittee on Expedited Environmental Regulations as defined by section 4 of Act 76 (3 L.P.R.A. 1934), and adopted pursuant to this title.

(11) LEGISLATURE.—The term "Legislature" means the Legislature of Puerto Rico.

(12) PLANNING BOARD.—The term "Planning Board" means the Puerto Rico Planning Board, a board within the executive branch of the Government of Puerto Rico established by Act 75-1975 (23 L.P.R.A. 62 et seq).

(13) PUERTO RICAN AGENCY OR AGENCIES.—The terms "Puerto Rican Agency" or "Puerto Rican Agencies" means any board, body, Board of examiners, public corporation, commission, independent office, division, administration, bureau, department, Oversight Board, official, person, entity, municipality, or any instrumentality of the Commonwealth of Puerto Rico, or an administrative body authorized by law to perform duties of regulating, investigating, or that may issue a decision, or with the power to issue licenses, certificates, permits, concessions, accreditations, privileges, franchises, except the Senate

and the House of Representatives of the Legislature and the Judicial Branch..

SEC. 502. POSITION OF REVITALIZATION COORDINATOR.

(a) ESTABLISHMENT.—There is established, under the Oversight Board, the position of the Revitalization Coordinator.

(b) APPOINTMENT.—

(1) IN GENERAL.—The Revitalization Coordinator shall be appointed by the Governor as follows:

(A) [____].—Prior to the appointment of the Revitalization Coordinator, the Oversight Board shall submit to the Governor no less than three nominees for appointment.

(B) [____].—In consultation with the Oversight Board, within [10 days] of receiving the nominations under subparagraph (A), the Governor shall select one of the nominees as the Revitalization Coordinator. Such nomination shall be effective immediately.

(C) FAILURE OF NOMINATION.—If the Governor fails to select a Revitalization Coordinator, the Oversight Board shall, by majority vote, select a Revitalization Coordinator from the list of nominees provided under paragraph (A).

(2) QUALIFICATIONS.—In selecting nominees under paragraph (1)(A), the Oversight Board shall only nominate persons who—

(A) have substantial knowledge and expertise in the planning, pre-development, financing and development of infrastructure projects, provided that stronger consideration shall be given to candidates who have experience with energy infrastructure projects;

(B) does not currently provide, or in the preceding 3 calendar years provided, goods or services to the government of Puerto Rico (and is not the spouse, parent, child, or sibling of an individual who provides or has provided goods and services to the government of Puerto Rico in the preceding 3 calendar years); and

(C) not be an officer, employee of, or former officer or employee of the government of Puerto Rico in the preceding 3 calendar years.

(3) COMPENSATION.—The Revitalization Coordinator shall be compensated at an annual rate determined by the Oversight Board sufficient in the judgment of the Oversight Board to obtain the services of an individual with the skills and experience required to discharge the duties of the position.

(c) ASSIGNMENT OF PERSONNEL.—The Executive Director of the Oversight Board may assign Oversight Board personnel to assist the Revitalization Coordinator.

(d) REMOVAL.—

(1) IN GENERAL.—The Revitalization Coordinator may be removed for cause by the Oversight Board.

(2) TERMINATION OF POSITION.—Upon the ⟦termination of the Oversight Board⟧, the position of the Revitalization Coordinator shall be terminated.

SEC. 503. CRITICAL PROJECTS.

(a) IDENTIFICATION OF PROJECTS.—

(1) PROJECT SUBMISSION.—Any project sponsor may submit any existing, ongoing, or proposed project to the Revitalization Coordinator, and the relevant Puerto Rican Agencies for consideration as a Critical Project. Such submission shall include:

(A) The impact the project will have on an emergency;

(B) The availability of immediate private capital or other funds, including, loan guarantees, loans, or grants, to implement the project;

(C) Economic benefits provided by the project, including the number of jobs to be created;

(D) The status of the project if it is existing or ongoing;

(E) Additional criteria the Revitalization Coordinator, in consultation with the Governor, deems appropriate; and

(F) In addition to the requirements found in paragraphs (A) through (E), the following criteria apply to Energy Projects and how the project will—

(i) reduce reliance on oil for electric generation in Puerto Rico;

(ii) improve performance of energy infrastructure and overall energy efficiency;

(iii) expedite the diversification and conversion of fuel sources for electric generation from oil to natural gas, and renewables in Puerto Rico;

(iv) promote the development and utilization of energy sources found on Puerto Rico;

(v) contribute to transitioning to privatized generation capacities for the Puerto Rico Electric Power Authority; and

(vi) additional criteria the Revitalization Coordinator, in consultation with the Governor, deems appropriate.

(2) CERTIFICATION OF EXPEDITED PERMITTING PROCESS.—

(A) Within ⟦20 days⟧ of receiving a project submission, each Puerto Rican Agency identified in paragraph (1) shall submit to the Revitalization Coordinator the Agency's Expedited Permitting Process.

(B) Failure to Provide Expedited Permitting Process - If a Puerto Rican Agency fails to provide an Expedited Permitting Process within ⟦10 days⟧ of receiving a project submission, the Revitalization Coordinator shall—

(i) consult with the Governor of Puerto Rico to develop within ⟦10 days⟧ an Expedited Permitting Process for the Agency; and

(ii) require such Puerto Rican Agency to implement the developed Expedited Permitting Process pursuant to the Oversight

Board's ability to establish and impose regulations under section ⟦208(d)⟧ of this Act.

(b) CRITICAL PROJECT REPORT.—

(1) ⟦______⟧.—For each submitted project, the Revitalization Coordinator in consultation with the relevant Puerto Rican Agencies identified in subsection (a)(1) shall develop a Critical Project Report within ⟦60 days from the submission of the project⟧, which shall include:

(A) An assessment of how well the project meets the criteria in subsection (a)(1).

(B) A recommendation by the Governor on whether the project should be considered a Critical Project. If the Governor fails to provide a recommendation, the failure shall constitute a concurrence with the Revitalization Coordinator's recommendation in paragraph (C).

(C) A recommendation by the Revitalization Coordinator on whether the project should be considered a Critical Project.

(2) SUBMISSION TO OVERSIGHT BOARD.—Within ⟦5 days⟧ of finalizing a Critical Project Report, the Revitalization Coordinator shall submit it to the Oversight Board.

(c) ACTION BY THE OVERSIGHT BOARD.—Within ⟦30 days⟧ of receiving the Critical Project Report, the Oversight Board, by majority vote, shall approve or disapprove the project as a Critical Project, if the Oversight Board—

(1) approves the project, the project shall be deemed a Critical Project;

(2) disapproves the project, the Oversight Board shall submit to the Revitalization Coordinator in writing the reasons for disapproval; and

(3) fails to act and the Revitalization Coordinator had recommended the project be deemed a Critical Project, then the project shall be deemed a Critical Project.

SEC. 504. MISCELLANEOUS PROVISIONS.

(a) CREATION OF INTERAGENCY ENVIRONMENTAL SUBCOMMITTEE.—

(1) ESTABLISHMENT.—Within 60 days of the date on which the Revitalization Coordinator is appointed, the Interagency Environmental Subcommittee shall be established in accordance with the provisions of section 4 of Act 76 (3 L.P.R.A. 1934), and shall evaluate environmental documents required under Puerto Rican law for any Critical Project within the Expedited Permitting Process.

(2) COMPOSITION.—The Interagency Environmental Subcommittee shall consist of the Revitalization Coordinator, and a representative selected by the Governor in consultation with the Revitalization Coordinator representing each of the following agencies the Environmental Quality Board, the Planning Board, the Puerto Rico Department of Natural and Environmental Resources, and any other Puerto Rican Agency determined to be relevant by the Revitalization Coordinator.

(b) REGULATIONS, ORDERS, AND CONTRACTS.—The Revitalization Coordinator shall approve or disapprove of any action taken by the Governor pursuant to or mirroring section 11 of Act 76 (3 L.P.R.A. 1941). If the Revitalization Coordinator disapproves such action, the Oversight Board shall review such action within ⟦30 days⟧ and shall ratify the Revitalization Coordinator's disapproval by majority vote. In such case, the Governor's action shall be null and void. If the Oversight Board fails to act within 30 days or fails to ratify the Revitalization Coordinator's decision, the Governor's action shall be ratified.

(c) SPECIFIC COMPLIANCE OF BOARDS.—The Environmental Quality Board and the Planning Board must adopt and follow the specific provisions of Act 76 directed towards each board, and take whatever actions may be necessary to comply with the intent of this Title.

(d) LENGTH OF EXPEDITED PERMITTING PROCESS.—For each Critical Project, Puerto Rican Agencies shall operate as if the Governor has declared an emergency pursuant to section 2 of Act 76 (3 L.P.R.A. 1932). Section 12 of Act 76 (3 L.P.R.A. 1942) shall not be applicable to Critical Projects.

(e) EXPEDITED PERMITTING PROCESS COMPLIANCE.—

(1) WRITTEN NOTICE.—A Critical Project sponsor may in writing notify the Revitalization Coordinator or the Oversight Board of a Puerto Rican Agency's, or the Revitalization Coordinator's failure to adhere to the Expedited Permitting Process.

(2) FINDING OF FAILURE.—If the Revitalization Coordinator or the Oversight Board finds the Critical Sponsor's notification to have merit, the Revitalization Coordinator or the Oversight Board shall direct the offending party to comply with the Expedited Permitting Process. The Oversight Board may take such enforcement action as necessary as provided by section 104(j) of this Act.

(e) REVIEW OF LEGISLATURE ACTS.—

(1) SUBMISSION OF ACTS TO OVERSIGHT BOARD.—The Legislature shall notify the Revitalization Coordinator and Oversight Board of any proposed act of the Legislature that may affect the Expedited Permitting Process.

(2) FINDING OF OVERSIGHT BOARD.—Upon receipt of an act from the Legislature under paragraph (1), the Oversight Board shall promptly review whether the proposed act would hinder the Expedited Permitting Process, and upon such a finding, the act shall be deemed contrary to the Fiscal Plan and shall undergo the review process as identified by section ⟦205(a)⟧ of this Act.

(f) PROHIBITION OF CERTAIN TERMS AND CONDITIONS.—No Puerto Rican Agency may include in any certificate, right-of-way, permit, lease, or other authorization issued for a Critical Project any term or condition that may be permitted, but is not required, by any applicable law, if the Revitalization Coordinator determines the term or condition would prevent or impair the expeditious construction, operation, or expansion of the Critical Project.

SEC. 505. FEDERAL AGENCY REQUIREMENTS.

(a) FEDERAL POINTS OF CONTACT.—At the request of the Revitalization Coordinator and within ⟦30 days⟧ of receiving such a request, each federal agency with jurisdiction over the permitting, or administrative or environmental review of private or public projects on Puerto Rico, shall name a Point of Contact who will serve as that agency's liaison with the Revitalization Coordinator.

(b) FEDERAL GRANTS AND LOANS.—For each Critical Project with a pending or potential Federal grant, loan, or loan guarantee application, the Revitalization Coordinator shall cooperate with the relevant Point of Contact, and vice-versa, to ensure expeditious review of such application.

(c) EXPEDITED REVIEWS AND ACTIONS OF FEDERAL AGENCIES.—All reviews conducted and actions taken by any Federal agency relating to a Critical Project, shall be expedited in a manner consistent with completion of the necessary reviews and approvals by the deadlines under the Expedited Permitting Process, but in no way shall the deadlines established through the Expedited Permitting Process be binding on any Federal agency.

(d) **[**____**]**.—No action undertaken by a Federal entity regarding a Critical Project shall be considered a major Federal action for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4332).

SEC. 506. JUDICIAL REVIEW.

(a) EXCLUSIVE JURISDICTION.—Except for review by the U.S. Supreme Court on writ of certiorari, the United

States District Court for the District of Puerto Rico shall have original and exclusive jurisdiction to determine—

(1) the validity of any final order or action (including a failure to act) of any Federal or Puerto Rican agency or officer under this title;

(2) the constitutionality of any provision, or any decision made or action taken under this title; or

(3) the adequacy of any environmental review with respect to any action under this title.

(b) DEADLINE FOR FILING OF A CLAIM.—A claim arising under this title must be brought no later than 30 days after the date of the decision or action giving rise to the claim.

(c) EXPEDITED CONSIDERATION.—The District Court for the District of Puerto Rico shall set any action brought under subsection (a) for expedited consideration, taking into account the national interest of enhancing Puerto Rico's infrastructure for electricity, water and sewer services, roads and bridges, ports, and solid waste management to achieve compliance with local and federal environmental laws, regulations and policies while ensuring the continuity of adequate services to the people of Puerto Rico and the Commonwealth's sustainable economic development.

SEC. 507. SUPREMACY.

The provisions of this title shall prevail over any general or special provision of Puerto Rican law or regulation that is inconsistent therewith.

SEC. 508. SEVERABILITY.

If any provision of this title, or the application of such a provision to any person or circumstance, is held to be unconstitutional, the remainder of this title and the application of the remaining provisions of this title to any person or circumstance shall not be affected thereby.