

Puerto Rico: CRS Experts and Products

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Puerto Rico's Fiscal Crisis¹

Puerto Rico is in the midst of a fiscal crisis resulting from economic contraction, public sector debt, outmigration, and other factors.² To address the crisis, Congress passed the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA; P.L. 114-187), which was enacted on June 30, 2016. PROMESA established the Financial Oversight and Management Board for Puerto Rico (Oversight Board) and created processes for adjusting the island's public debts, among other provisions. PROMESA allocated no federal funds to Puerto Rico.

The Puerto Rican Governor was charged with developing fiscal plans for the Commonwealth of Puerto Rico and public corporations, subject to Oversight Board certification.³ PROMESA mandated that fiscal plans outline "a method to achieve fiscal responsibility and access to the capital markets," among other requirements. Governor Rosselló Nevares, who was inaugurated in January 2017, and the Oversight Board have negotiated a series of fiscal plans for the Commonwealth of Puerto Rico and other components of the island government, such as the Puerto Rico Electric Power Authority (PREPA) and the Puerto Rico Aqueduct and Sewer Authority (PRASA).

Hurricanes Irma and Maria and Disaster Responses

Hurricanes Irma and Maria hit the island in September 2017, seriously damaging the island's infrastructure, including its electric distribution grid, its housing stock, telecommunications and transportation systems, and water supply. That damage, in turn, has severely depressed economic activity and has accelerated outmigration to the mainland.⁴ Congress provided certain disaster relief funds for Puerto Rico in a supplemental appropriation act in October 2017 (P.L. 115-72). Other funds were provided in the February 2018 continuing resolution (P.L. 115-123).⁵

Political Status of Puerto Rico⁶

Puerto Rico's political status as a U.S. territory affected the restructuring options available to the island, just as it affects eligibility for some federal programs. For some purposes, the federal government treats Puerto Rico as if it were a state, while in other cases, Puerto Rico is treated differently. Puerto Rico's status affects far more than federal programs; indeed, status is the island's central political issue. In a June 2017 plebiscite the island's voters who chose to participate selected statehood over independence or the status quo. Congress would have to enact legislation, signed by the President, to change the island's status, regardless of the plebiscite outcome.⁷

¹ This expert list was originally compiled by the author of this section, D. Andrew Austin, Specialist in Economics.

² CRS Report R44095, *Puerto Rico's Current Fiscal Challenges*, by D. Andrew Austin.

³ Documents issued by the Oversight Board are available at <https://juntasupervision.pr.gov/index.php/en/documentos/>.

⁴ Edwin Meléndez and Jennifer Hinojosa, "Estimates of Post-Hurricane Maria Exodus from Puerto Rico," Research Brief, Hunter College CUNY Center for Puerto Rican Studies, RB2017-01, October 2017, https://centropr.hunter.cuny.edu/sites/default/files/RB2017-01-POST-MARIA%20EXODUS_V3.pdf.

⁵ See CRS In Focus IF10755, *Major Disaster Assistance from the DRF: Puerto Rico*, by Bruce R. Lindsay.

⁶ This section written by R. Sam Garrett, Specialist in American National Government.

⁷ For additional discussion of Puerto Rico's political status, see CRS Report R44721, *Political Status of Puerto Rico: Brief Background and Recent Developments for Congress*, by R. Sam Garrett.

Puerto Rico Issues of Interest to Congress

Issues of congressional interest regarding Puerto Rico span a broad range of subject areas. This report lists CRS experts by topic in **Table 1**. Topics include the following:

- political status and federal relations with Puerto Rico
- economic conditions, fiscal situation, and taxation
- debt restructuring and bankruptcy law
- federal oversight of subnational governments
- federal health and social policy in Puerto Rico
- demographics and migration
- transportation, energy, and environmental policy

Congress is also interested in hurricane and recovery efforts in Puerto Rico; for a list of experts on topics related to recovery from Hurricane Maria and other natural disasters, see CRS Report R43519, *Natural Disasters and Hazards: CRS Experts*, by Natalie Keegan. For inquiries on topics not listed in **Table 1** or CRS Report R43519, please contact the coordinator of this report or the CRS Inquiry (7-....) to identify an appropriate subject matter expert.

Key CRS Reports

Selected CRS reports that discuss issues related to Puerto Rico are categorized below.

Political Status and Federal Relations with Puerto Rico

For a brief overview of the political status of Puerto Rico, see CRS In Focus IF10241, *Puerto Rico: Political Status and Background*, by R. Sam Garrett. For a more detailed examination of those issues, see CRS Report R42765, *Puerto Rico's Political Status and the 2012 Plebiscite: Background and Key Questions*, by R. Sam Garrett.

Economic Conditions, Fiscal Situation, and Taxation

For a discussion of Puerto Rico's economic and fiscal situation, see CRS Report R44095, *Puerto Rico's Current Fiscal Challenges*, by D. Andrew Austin.

Federal excise taxes on rum produced by Puerto Rico and the Virgin Islands are transferred back or "covered over" from the federal Treasury. For details, see CRS Report R41028, *The Rum Excise Tax Cover-Over: Legislative History and Current Issues*, by Steven Maguire. For a more general overview of taxation issues, see CRS Report R44651, *Tax Policy and U.S. Territories: Overview and Issues for Congress*, by Sean Lowry.

Federal Oversight of Subnational Governments

Archived CRS Report 95-328, *Financial Control Boards for Cities in Distress*, by Nonna A. Noto and Lillian Rymarowicz, is available upon request. Also, archived CRS Report 97-766, *District of Columbia Revitalization: Legislation Enacted by the 105th Congress*, coordinated by Eugene P. Boyd, is also available upon request.

Table I. Issues Related to Puerto Rico: CRS Experts

| Legislative Issues | Name/Title | Title | Phone | Email |
|--|--------------------|---|--------------|------------------------|
| Political status and federal relations with Puerto Rico | | | | |
| Legal issues and federal relations | Kenneth R. Thomas | Legislative Attorney | 7-.... | /redacted/@crs.loc.gov |
| Political status and federal relations | R. Sam Garrett | Specialist in American National Government | 7-.... | /redacted/@crs.loc.gov |
| Federal Reserve and Puerto Rico | M. Maureen Murphy | Legislative Attorney | 7-.... | /redacted/@crs.loc.gov |
| Economic conditions, fiscal situation, and taxation | | | | |
| Economic and fiscal situation | D. Andrew Austin | Analyst in Economic Policy | 7-.... | /redacted/@crs.loc.gov |
| Excise taxes | Sean Lowry | Analyst in Public Finance | 7-.... | /redacted/@crs.loc.gov |
| Rum cover-over | Sean Lowry | Analyst in Public Finance | 7-.... | /redacted/@crs.loc.gov |
| Municipal bonds | Grant Driessen | Analyst in Public Finance | 7-.... | /redacted/@crs.loc.gov |
| Debt restructuring and securities law | | | | |
| Debt restructuring | Kevin M. Lewis | Legislative Attorney | 7-.... | /redacted/@crs.loc.gov |
| Securities law | David H. Carpenter | Legislative Attorney | 7-.... | /redacted/@crs.loc.gov |
| Collective action clauses | Martin A. Weiss | Specialist in International Trade and Finance | 7-.... | /redacted/@crs.loc.gov |
| Federal health programs and Puerto Rico | | | | |
| Medicare Financing | Patricia Davis | Specialist in Health Care Financing | 7-.... | /redacted/@crs.loc.gov |
| Medicare Physician Payments | Jim Hahn | Specialist in Health Care Financing | 7-.... | /redacted/@crs.loc.gov |
| Medicare Part A | Marco Villagrana | Analyst in Health Care Financing | 7-.... | /redacted/@crs.loc.gov |
| Medicare Advantage (Part C) | Paulette Morgan | Specialist in Health Care Financing | 7-.... | /redacted/@crs.loc.gov |
| Medicare Part D | Sue Kirchhoff | Analyst in Health Care Financing | 7-.... | /redacted/@crs.loc.gov |
| Medicaid/CHIP | Alison Mitchell | Analyst in Health Care Financing | 7-.... | /redacted/@crs.loc.gov |
| Prevention and Public Health Fund; Zika virus and communicable diseases | Sarah Lister | Specialist in Public Health and Epidemiology | 7-.... | /redacted/@crs.loc.gov |

| Legislative Issues | Name/Title | Title | Phone | Email |
|---|----------------------|---|--------|------------------------|
| Federal oversight of subnational governments | Eugene Boyd | Analyst in Federalism & Economic Development Policy | 7-.... | /redacted/@crs.loc.gov |
| Demographics and migration | Sarah Donovan | Analyst in Labor Policy | 7-.... | /redacted/@crs.loc.gov |
| | D. Andrew Austin | Analyst in Economic Policy | 7-.... | /redacted/@crs.loc.gov |
| Transportation, energy, and environment | | | | |
| Water transportation and Jones Act | John Frittelli | Specialist in Transportation Policy | 7-.... | /redacted/@crs.loc.gov |
| Highway Funding | Robert S. Kirk | Specialist in Transportation Policy | 7-.... | /redacted/@crs.loc.gov |
| Electric power generation and transmission | Richard J. Campbell | Specialist in Energy Policy | 7-.... | /redacted/@crs.loc.gov |
| Electric power generation and energy | Corrie E. Clark | Analyst in Energy Policy | 7-.... | /redacted/@crs.loc.gov |
| Natural gas and oil supply | Michael Ratner | Specialist in Energy Policy | 7-.... | /redacted/@crs.loc.gov |
| Vieques Island: federal jurisdiction and property ownership | David M. Bearden | Specialist in Environmental Policy | 7-.... | /redacted/@crs.loc.gov |
| Environmental law | Adam Vann | Legislative Attorney | 7-.... | /redacted/@crs.loc.gov |
| Other | | | | |
| Parliamentary role of Resident Commissioner | Christopher M. Davis | Analyst on Congress and the Legislative Process | 7-.... | /redacted/@crs.loc.gov |

Note: For requests in other topic areas, please contact CRS Inquiry (7-....) .

Debt Restructuring and Bankruptcy Law

PROMESA Title VI established a process for a voluntary debt restructuring process similar to collective action clause processes often used in sovereign debt negotiations. Title III established a separate debt restructuring process that incorporated elements of chapter 9 (municipal debt adjustment) and chapter 11 (reorganization of businesses) of the U.S. Bankruptcy Code. For an explanation and analysis of PROMESA debt restructuring provisions, see CRS Report R44532, *The Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA; H.R. 5278, S. 2328)*, coordinated by D. Andrew Austin.

The Commonwealth government, the Puerto Rico Electric Power Authority (PREPA), the Puerto Rico Aqueduct and Sewer Authority (PRASA), and the Puerto Rico Highway and Transportation Authority (PRHTA) have been entered into Title III processes. The Government Development Bank, formerly a key financing arm of the island government, had its debts restructured through a Title VI process. A substantial body of litigation has developed regarding various aspects of Puerto Rico's debt restructuring.

A congressional distribution memorandum on the structure of Puerto Rico's public debts is available upon request.

Federal Programs and Social Policy in Puerto Rico

For information on federal health programs in Puerto Rico see CRS Report R44275, *Puerto Rico and Health Care Finance: Frequently Asked Questions*, coordinated by Annie L. Mach. For an overview of health concerns raised by the spread of the Zika virus, see CRS Insight IN10433, *Zika Virus: Global Health Considerations*, by Tiaji Salaam-Blyther (available upon request).

Transportation and Energy Sectors

For an analysis of choices involved in the reconstruction for Puerto Rico's electric power system, see CRS Report R45023, *Repair or Rebuild: Options for Electric Power in Puerto Rico*, by Richard J. Campbell, Corrie E. Clark, and D. Andrew Austin.

For an introduction to Jones Act restrictions on water transportation between U.S. ports, see CRS Report R44831, *Revitalizing Coastal Shipping for Domestic Commerce*, by John Frittelli. For issues related to shipping oil, see CRS Report R43653, *Shipping U.S. Crude Oil by Water: Vessel Flag Requirements and Safety Issues*, by John Frittelli.

Miscellaneous Issues

For an analysis of how admission of Puerto Rico as a state would affect the distribution of seats in the House, see archived CRS Report R41113, *Puerto Rican Statehood: Effects on House Apportionment*, by Royce Crocker, available upon request.

For information on the legislative role of Puerto Rico's Resident Commissioner, see CRS Report R40170, *Parliamentary Rights of the Delegates and Resident Commissioner from Puerto Rico*, by Christopher M. Davis.

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