



OFFICE OF FORMER GOVERNOR OF PUERTO RICO

Hon. Luis G. Fortuño

February 20, 2015

The Honorable Bob Goodlatte
Chairman
House Committee on the Judiciary
2138 Rayburn House Office Building
Washington, DC 20515

The Honorable John Conyers, Jr.
Ranking Member
House Committee on the Judiciary
B-351 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Marino
Chairman
Subcommittee on Regulatory Reform,
Commercial and Antitrust Law
House Committee on the Judiciary
2138 Rayburn House Office Building
Washington, DC 20515

The Honorable Henry C. "Hank" Johnson
Ranking Member
Subcommittee on Regulatory Reform,
Commercial and Antitrust Law
House Committee on the Judiciary
B-351 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Goodlatte, Ranking Member Conyers, Chairman Marino and Ranking Member Johnson:

As Puerto Rico's former governor (2009-2012) and former Resident Commissioner in the U.S. Congress (2005-2008), I write in my personal capacity to express strong support for H.R. 870, the *Puerto Rico Chapter 9 Uniformity Act of 2015*, introduced by Resident Commissioner Pedro Pierluisi.¹ I understand the House Judiciary Committee's Subcommittee on Regulatory Reform, Commercial and Antitrust Law will hold a hearing on H.R. 870 on February 26th. It is my sincere hope that, following the hearing, the Committee will favorably report this legislation and that the full House will vote to approve it in an expeditious manner, because time is of the essence.

As a fiscal conservative, I would note that H.R. 870—if approved—would not require the federal government to spend a single additional dollar. The bill is not a "bailout" in any sense. If it

¹ I currently am a partner at Steptoe & Johnson LLP. The views set forth in this letter are personal and should not be attributed to Steptoe & Johnson LLP or any of its clients, or to any organization of which I am a member.

were, I would not support it. What this legislation does is offer Puerto Rico flexibility and opportunity to retake a path of self-sufficiency and fiscal responsibility.

Under current law, every state government is empowered to authorize a “municipality” within its borders—defined as a “political subdivision or public agency or instrumentality of a State”—to adjust its debts under Chapter 9 of the U.S. Bankruptcy Code, but the government of Puerto Rico has not been granted this discretionary power. From a bankruptcy policy perspective, I do not believe this exclusionary treatment ever made sense, and it certainly does not make sense now. Puerto Rico bonds are heavily traded in the U.S. municipal bond market, and so the legal rules should be the same in Puerto Rico as they are in the 50 states. Indeed, in every other chapter of the Bankruptcy Code, the rules *are* the same. Chapter 9 is the only exception.

Enacting H.R. 870 into law would be the fair and appropriate course of action for the U.S. territory of Puerto Rico and its 3.5 million American citizens. It would also be the fair and appropriate course of action for the territory’s creditors and the broader U.S. municipal bond market. It would provide predictability, order and structure—the very elements that are lacking in Puerto Rico right now.

H.R. 870 seeks equal treatment for Puerto Rico, not special or unique treatment. I thank the Committee for scheduling a hearing on the legislation, and I hope that the bill will progress quickly through the legislative process.

Sincerely,

A handwritten signature in blue ink, appearing to read "Luis G. Fortuño", is written over the word "Sincerely,". The signature is stylized and somewhat illegible due to the cursive style.

Luis G. Fortuño