



Thomas A. Schatz  
*President*

May 21, 2015

United States House of Representatives  
Washington, DC 20515

Dear Representative,

Although most of your constituents are unaware of their potential liability, the U.S. territory of Puerto Rico is in the midst of a significant debt crisis that could have serious financial implications for taxpayers in the states. Government entities in the territory have a total of \$73 billion in debts and will not be able to pay all of it off despite measures including deep spending cuts and tax increases. On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to support H.R. 870, which would extend to the territory the authority that Chapter 9 of the Federal Bankruptcy Code gives states to enable municipalities to restructure debts under federal court supervision, protecting U.S. taxpayers from being on the hook to bailout the territory.

The United States has become disturbingly familiar with government bailouts throughout history, having provided \$79 billion to General Motors in 2009, \$45 billion to Bank of America in 2009, and the equivalent of \$10 billion in 2015 dollars to New York City in 1975. As large as those bailouts were, bailing out Puerto Rico could cost \$164 billion. Even more disconcerting is that while the private companies who received federal bailouts agreed to swift repayment timelines, Puerto Rico's bleak fiscal situation would make repayment unlikely.

H.R. 870 gives Puerto Rico the same authority afforded to states to determine whether to enable municipalities to restructure debts under Chapter 9. This process would allow debtors and creditors to settle disputes without involving U.S. taxpayers, and would provide Puerto Rico a path to economic recovery and stability. One government entity with \$9.2 billion in debts and \$8.5 billion in bonds is already in default. However, a federal court struck down a local law that would have provided a bankruptcy procedure, ruling that such a process can only be provided by federal law.

I urge you to support the Puerto Rico Chapter 9 Uniformity Act and protect U.S. taxpayers from another costly bailout. All votes on H.R. 870 will be among those considered in CCAGW's *2015 Congressional Ratings*.

Sincerely,