

April 14, 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 the Executive Director of The National Puerto Rican Chamber of Commerce, which represents businesses across the U.S. and Puerto Rico, and also as an economist with a research focus in the area of municipal debt, I write to you offering my strongest support for the *Puerto Rico Chapter 9 Uniformity Act of 2015*, or H.R. 870.

Business members of my organization, along with their employees and customers, have long been concerned about the growing need for debt restructuring in Puerto Rico and the impact it will have on their long-term growth prospects. Part of the reason for the declining economic activity in Puerto Rico can be directly attributed to the lack of future certainty regarding its debt, as well as which fiscal measures will be implemented in order to help the island to eventually recover. Rest assured, this lack of certainty has led to a reduction in both domestic and foreign investment, and a permanent reduction in the competitive environment for attracting future investment.

As a researcher who has followed the economy of Puerto Rico for nearly a decade, I have compared the economic development opportunities in Puerto Rico to that of other nations and states. I can definitively say that Puerto Rico's unique status has been an impediment that has limited its options for solving its own financial concerns, including its inability to undergo a supervised restructuring, leading to its local economy suffering under longer and more severe recessionary periods than the rest of the country.

Puerto Rico is now at a point that economic development experts define as unrecoverable. Economic principle has long held that when the cost to service debt is greater than the potential long-term economic growth, debt will increase in perpetuity. Puerto Rico surpassed this point some years ago.

In order to turn its economic tide, Puerto Rico has two options. The first, and most economically efficient option, is to afford Puerto Rico the same opportunity granted to every other municipality in the country,

allowing it to choose to undergo a systematic and judicial system-managed Chapter 9 bankruptcy, a choice that will not place an additional financial burden on other taxpayers. The less attractive option, but the currently inevitable one, will require a federal intervention, most assuredly costing taxpayers to support and maintain the island's inefficient governmental operations.

For the sake of the rest of the country, and for the sake of Puerto Rico's 3.5 million American citizens' future prosperity, we strongly urge your committee to consider supporting H.R. 870, the *Puerto Rico Chapter 9 Uniformity Act of 2015*. In doing so, it will only enable Puerto Rico to have the same opportunity that other municipalities are granted in order to provide for the welfare of its citizens. The American citizens in Puerto Rico are not different, and should not be treated as such. We hope you will consider granting them equal treatment under the law.

Thank you for your consideration and do not hesitate to contact me or my organization for further information.

Respectfully,



Justin Vélez-Hagan
Executive Director
The National Puerto Rican Chamber of Commerce
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