



TERRY E. BRANSTAD  
GOVERNOR

## OFFICE OF THE GOVERNOR

KIM REYNOLDS  
LT. GOVERNOR

February 17, 2016

The Honorable Paul Ryan  
Speaker, U.S. House of Representatives  
1233 Longworth House Office Building  
Washington, D.C. 20515-4901

The Honorable Mitch McConnell  
Majority Leader, U.S. Senate  
317 Russell Senate Office Building  
Washington, D.C. 20510-1702

Dear Speaker Ryan and Majority Leader McConnell:

For a full economic recovery, it is important for state and federal leaders to promote fiscal responsibility and enact policies that foster long-term growth. This commonsense approach underlies our ongoing efforts to nurture a thriving Iowa economy.

I appreciate Congress's work to help address Puerto Rico's debt challenges and I remain hopeful for a responsible solution. However, I write you to express concern about some policies being contemplated to address Puerto Rico's debt challenges and the unintended consequences they would have on states and municipalities. Specifically, I am worried that certain measures proposed by the Obama Administration and some Members of Congress will have a negative impact on Iowa's ability to access the municipal debt market.

Thankfully, due to sound policies and fiscal discipline, Iowa is a low-debt state. In short, we live within our means. I have been a stalwart against the heavy burdens of public debt on future hardworking taxpayers. We are a pay-as-you-go state for transportation funding and we are in the top quartile of states for pension funding. That said, we do leverage debt in certain limited circumstances, for example, in addressing housing and local wastewater system needs.

Granting Puerto Rico unprecedented "Super-Chapter 9" bankruptcy authority would set a dangerous precedent and likely raise the borrowing costs for states and municipalities across the nation, which would reduce our ability to invest in vital services and erode investor confidence in the whole notion of "full faith and credit" debt. In addition, millions of Americans with investments in state general obligation bonds could have their retirement accounts negatively impacted. A more prudent course of action would be to treat Puerto Rico like other states by granting it access to normal Chapter 9 bankruptcy, and allowing it to restructure its municipal and public corporation debt. Ideally, Puerto Rico and its creditors can negotiate a consensual solution.

I commend Puerto Rico's desire to improve their financial situation and create a sustainable future. I encourage you to find a way forward that improves Puerto Rico's standing and instills strong confidence in our nation's credit system.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Terry E. Branstad". The signature is written in a cursive style with a large, stylized initial "T".

Terry E. Branstad  
Governor of Iowa

cc: The Honorable Chuck Grassley, Chairman, U.S. Senate Judiciary Committee  
The Honorable Pat Leahy, Ranking Member, U.S. Senate Judiciary Committee  
The Honorable Bob Goodlatte, Chairman, U.S. House Judiciary Committee  
The Honorable John Conyers, Ranking Member, U.S. House Judiciary Committee  
The Honorable Joni Ernst  
The Honorable Steve King  
The Honorable Dave Loebsack  
The Honorable Rod Blum  
The Honorable David Young