

Congressional Task Force on Economic Growth in Puerto Rico

Status Update to the House and Senate



114th Congress

CONGRESSIONAL TASK FORCE ON ECONOMIC GROWTH IN PUERTO RICO

STATUS UPDATE TO THE HOUSE AND SENATE

BACKGROUND

On June 30, 2016, the “Puerto Rico Oversight, Management, and Economic Stability Act,” or “PROMESA,” was signed into law (Public Law 114-187). Section 409 of PROMESA establishes an eight-member Congressional Task Force on Economic Growth in Puerto Rico (hereafter, “Task Force”).

The Task Force has two basic charges:

1. To issue, between September 1, 2016 and September 15, 2016, a status update to the House and Senate that includes—
 - a. information the Task Force has collected; and
 - b. a discussion on matters the chairman of the Task Force deems urgent for consideration by Congress.
2. To issue, not later than December 31, 2016, a report of Task Force findings to the House and Senate regarding—
 - a. impediments in current Federal law and programs to economic growth in Puerto Rico including equitable access to Federal health care programs;
 - b. recommended changes to Federal law and programs that, if adopted, would serve to spur sustainable long-term economic growth, job creation, reduce child poverty, and attract investment in Puerto Rico;
 - c. the economic effect of Administrative Order No. 346 of the Department of Health of the Commonwealth of Puerto Rico (relating to natural products, natural supplements, and dietary supplements) or

any successor or substantially similar order, rule, or guidance of the Commonwealth of Puerto Rico; and

d. additional information the Task Force deems appropriate.

Further, PROMESA urges the Task Force’s final report to reflect the shared views of all eight members “to the greatest extent practicable.” PROMESA also directs the Task Force to consult with the Puerto Rico Legislative Assembly, the Puerto Rico Department of Economic Development and Commerce, and the private sector of Puerto Rico.

Task Force Members were selected in July in accordance with specifications in PROMESA, and are as follows:

Senator Orrin Hatch, (R-UT);

Senator Robert Menendez (D-NJ);

Senator Marco Rubio (R-FL);

Senator Bill Nelson (D-FL);

Representative Tom MacArthur (R-NJ);

Resident Commissioner Pedro Pierluisi (PR);

Representative Sean Duffy (R-WI);

Representative Nydia Velázquez (D-NY)

This report provides the status update pursuant to the Task Force’s first basic charge, highlighting information the Task Force has collected and outlining the Task Force’s ongoing activities related to information gathering, analysis of policy options, and communication with stakeholders.

Residents of Puerto Rico and their families face numerous challenges to economic growth along many dimensions affected by Federal law and programs, including health care, government finances, economic stagnation, population loss, and sectoral inefficiencies. In addition, Puerto Rico is confronting challenges shared with several states related to the Zika virus and faces the highest number of confirmed

cases of any U.S. jurisdiction. Task Force Members are actively working to arrive at a consensus in order to provide Congress with findings and recommendations as called for under PROMESA.

INFORMATION THE TASK FORCE HAS COLLECTED

Data

Task Force staff convened a meeting with researchers from the Federal Reserve Bank of New York to discuss sources of data on Puerto Rico's economy and financial activities. The Federal Reserve Bank of New York oversees the Second District of the Federal Reserve System, which includes Puerto Rico. Researchers and analysts at the Federal Reserve Bank of New York have a long history of monitoring economic and financial developments in Puerto Rico and provided useful information to Task Force staff on available data to assist the Task Force in analyzing the economic and financial environment in the territory.

Task Force staff have also been in contact with entities within Puerto Rico, including the Puerto Rico Institute of Statistics (Instituto de Estadísticas de Puerto Rico), to obtain the best available information about Puerto Rico's economic and fiscal situation.

Like other observers, the Task Force is concerned about the relative lack of reliable data pertaining to certain aspects of the economic, financial, and fiscal situation in Puerto Rico, which are necessary for productive analyses that may lead to sound public policy recommendations.

Therefore, the Task Force intends to analyze the extent to which Federal statistical products that measure economic and financial activity in the states might also provide equivalent information for Puerto Rico and other territories, and the Task Force intends to explore ways in which any such data gaps can be responsibly closed.

Task Force Email Portal

The Task Force established an email portal—prtaskforce@mail.house.gov—and issued press releases calling on stakeholders to submit their input to this portal. These written submissions, from both the public and private sectors, will be useful to the Task Force as it works to arrive at bipartisan recommendations. All submissions will be considered part of the public record and the Task Force intends to publish them prior to or along with its final report. To date, the Task Force has received approximately 335 submissions to the email portal from individuals and organizations representing a wide variety of interests. Task Force staff have begun analyzing these submissions and will continue to do so as the year progresses.

The Task Force initially announced a deadline for submission to the email portal of September 2, 2016. The Task Force has since extended the deadline until October 14, 2016 in order to cast the widest net possible and to ensure that stakeholders have ample opportunity to provide input.

Federal Agencies

As a U.S. jurisdiction, Puerto Rico is affected by Federal laws enacted by Congress and administered by Federal agencies. Accordingly, the Task Force, in order to fulfill its charges under PROMESA, will require input and cooperation from various Federal agencies and offices. Task Force staff have begun, and will continue, to contact congressional liaisons from Federal agencies and offices to schedule briefings and facilitate information sharing.

Thus far, Task Force staff have contacted officials at the U.S. Department of Health and Human Services, including the Centers for Medicare and Medicaid Services, to open a dialogue regarding Federal health policy and its impact on Puerto Rico. Task Force staff have also contacted officials at the U.S. Department of Commerce, the U.S. Department of Labor, and the Federal Housing Finance Agency

to discuss a range of topics, including the inclusion, or lack thereof, of Puerto Rico in economic measures commonly used to gauge economic and financial activities in states. The U.S. Department of Energy, the U.S. Environmental Protection Agency, the U.S. Small Business Administration, and the U.S. Department of the Treasury have also been contacted to discuss critical energy, environmental, health, and economic issues. Task Force staff expect to contact officials at additional Federal agencies to obtain pertinent information.

Task Force Members urge all Federal agencies and offices contacted by Task Force staff to recognize the relatively brief time period in which the Task Force is required to operate, and welcome prompt responses to requests for information and willingness to meet with Task Force staff on short notice to provide background and briefing materials. Moreover, Task Force Members emphasize the need for bipartisan cooperation as the Task Force works to arrive at findings and recommendations.

Congressional Support

The Task Force expects to benefit from the support of available congressional support offices, most notably the Joint Committee on Taxation (JCT), the Congressional Budget Office (CBO), and the Library of Congress's Congressional Research Service (CRS).

Task Force staff have contacted JCT, which will provide a briefing in the near term to discuss the application of Federal tax policy in Puerto Rico, as well as individual, corporate, and other tax proposals put forward in recent years by stakeholders in Puerto Rico and in Congress. Staff have reached out to CRS researchers for updates on previously-issued CRS reports related to Puerto Rico and have scheduled briefings on a number of germane issues.

Offices and Agencies in Puerto Rico

As noted above, PROMESA specifically requires the Task Force to consult with the Puerto Rico Legislative Assembly, the Puerto Rico Department of Economic Development and Commerce, and the private sector of Puerto Rico

Task Force staff have begun outreach to leaders of the Puerto Rico Legislative Assembly, and welcome any input and recommendations that they wish to provide. Task Force staff have also contacted the Secretary of the Puerto Rico Department of Economic Development and Commerce, and welcome input and recommendations from the Secretary and other officials at the agency. Similarly, Task Force staff have contacted the Secretary of the Puerto Rico Department of Health to obtain input with respect to the Department's Administrative Order No. 346. Consultation with entities in the private sector of Puerto Rico has also been ongoing and will continue throughout this process.