

**CHAIRMAN ROB BISHOP
OPENING STATEMENT
COMMITTEE ON NATURAL RESOURCES**

**Markup on
H.R. 5278—*Puerto Rico Oversight, Management, and Economic Stability Act*
(*PROMESA*)
May 24, 2016**

Puerto Rico is in the midst of a financial and economic crisis of historic proportions.

Article IV of the U.S. Constitution states: “The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory and other Property belonging to the United States.” Stating the obvious, Puerto Rico is an American territory. Therefore, Congress has the power to enact laws affecting Puerto Rico.

However, with power comes responsibility. Power without responsibility leads to tyranny on one hand, or abject neglect on the other. For too long, Congress has neglected its duties under Article IV. Congress has sown the wind, and Puerto Rico has reaped the whirlwind. We have a constitutional, political, and moral imperative to act, and this Committee has done so.

Given the crisis, the question before us today is whether we fulfill this constitutional responsibility. H.R. 5278, the Puerto Rico Oversight, Management and Economic Stability Act, or “PROMESA” establishes an Oversight Board to work with the government of Puerto Rico. The Board will audit their finances, figure out the true asset picture and develop fiscally responsible budgets to repay creditors and meet basic human needs. It will restore the island’s access to credit markets, and review laws,

regulations, and expenditures to assure compliance with fiscal plans and fair treatment of investors.

This Committee has held four hearings regarding the circumstances in Puerto Rico, seen the introduction of H.R. 4900, and now the introduction of H.R. 5278, PROMESA. The combined number of stakeholder meetings held by committee staff, members of Congress, and their staffs are incalculable. The process has been open and transparent; with all interested parties having multiple opportunities to express their opinions on the various draft bills.

As a result of this effort, H.R. 5278 is a very good bill. It is a bill that works fundamentally to bring needed reforms to Puerto Rico, provides for a structured process to address the debt, and encourages economic development without costing the American taxpayer.

Some say that if we pass this bill, we are bailing out Puerto Rico for irresponsible policies and violating existing investor contracts. These are disingenuous arguments. To the contrary, we are creating a future for Puerto Rico by protecting existing investors and procuring future investment. The mainstream institutional bondholders who have long invested in Puerto Rico and who want to continue investing there have repeatedly told us that legislation is needed to restore order to chaos, and to avoid costly litigation that rewards no one except attorneys and consultants.

Moreover, if we do not pass this bill, Congress will be faced with the prospect of a bailout later – a real taxpayer bailout. The failure to pass this bill will ensure that Congress becomes the financial backstop for Puerto Rico's spending, but without the oversight that this bill institutes. We want capital markets to finance a new foundation

for Puerto Rico – not taxpayers. This bill is Puerto Rico’s last and best chance to get on sound financial footing and put its economy on the path to recovery and prosperity.

We need to favorably report this bill out of the Committee and support its passage on the floor.