



The Hon. Pedro R. Pierluisi
Written Testimony
“Examining Procedures Regarding Puerto Rico’s Political Status and Economic Outlook”
House Committee on Natural Resources
Subcommittee on Indian, Insular and Alaska Native Affairs
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Chairman Young, Mr. Ranking Member, and Members of the Subcommittee:

Puerto Rico has been a territory of the United States since 1898. As this Committee has made clear many times, if Puerto Rico does not want to remain a territory, it can follow one of two paths. The territory can become a state or it can become a sovereign nation, either fully independent from the United States or with a compact of free association with the U.S. that either nation can terminate. If Puerto Rico becomes a sovereign nation, future generations of island residents would not be American citizens.

Those are the options: remain a territory, become a state, or become a sovereign nation.

As the members of this Committee are aware, residents of Puerto Rico have made countless contributions to this nation in times of peace and war, serving in every military conflict since World War I. They fight today in Afghanistan and other dangerous locations, side-by-side with young men and women from the states. Many of them have made the ultimate sacrifice in battle. And when they do, their casket is flown back to this country, draped in the American flag.

It takes a special kind of patriotism to fight for a nation that you love, but one that does not treat you equally. Although Puerto Rico is home to more American citizens than 21 states, my constituents cannot vote for president, are not represented in the Senate, and have one non-voting delegate in the House—a position I have held since 2009. Moreover, the Constitution gives Congress a license to treat Puerto Rico worse than the states under federal law, and Congress often uses that license.

Every informed observer understands that territory status is the root cause of the economic, social and demographic crisis in Puerto Rico that you have been reading about in the newspapers. As the GAO noted in a recent report requested by the former chairman of the full Natural Resources Committee, Puerto Rico is treated unequally under federal spending and tax credit programs and is therefore deprived of billions of dollars every year that would otherwise flow to our local economy, which—not surprisingly—has been mired in a deep recession. To compensate for the shortfall in federal funding, the Puerto Rico government has borrowed heavily in the bond market, which is the main reason why the territory government and its

instrumentalities have \$72 billion in outstanding debt. In the last four years alone, upwards of 250,000 island residents have relocated to the states in search of better economic opportunities for themselves and their families, and these staggering numbers are only getting worse. When my constituents arrive in the states, they are entitled to vote for their national leaders and to equal treatment under federal law—the same rights they were denied while living in Puerto Rico. How any American with a conscience could support this shameful situation is, I confess, beyond my comprehension.

There are many concrete examples of how Puerto Rico’s territory status harms the quality of life in Puerto Rico, but allow me to mention just two.

Puerto Rico has always been treated in discriminatory fashion under federal health programs. This is the result of action or inaction by presidents and members of Congress, both Democrat and Republican, over many decades. The adverse impact on doctors, hospitals, insurance providers and—most importantly—patients in the territory has been as severe as it was predictable. This disparate treatment has also decimated Puerto Rico’s fiscal health, since the territory government must cover the costs of services the federal government should be covering—and that it would be covering if Puerto Rico were a state. Thus, I have introduced a comprehensive bill to essentially provide Puerto Rico with state-like treatment under Medicaid and Medicare.

Another example. Congress has empowered each state government to authorize its “municipalities” to adjust their debts under Chapter 9 of the federal Bankruptcy Code if they become insolvent. A state government may choose to allow its municipalities to file for protection under Chapter 9, or it may decline to do so. The power to decide rests with the state government. However, for reasons that are clear to nobody, Congress in 1984 chose not to permit the government of Puerto Rico to authorize its municipalities to seek relief under Chapter 9. In other words, Puerto Rico’s territory status is the primary reason why Puerto Rico has so much debt and is the sole reason why Puerto Rico does not possess a critical tool that could help the island manage this debt. I have introduced a bill in Congress to give Puerto Rico state-like treatment under Chapter 9. It is opposed by a handful of investment firms for specious and self-interested reasons, but otherwise has remarkably broad support.

Now I appreciate that the governor of Puerto Rico has endorsed my legislative initiatives with respect to both federal health programs and Chapter 9. I will continue to fight alongside him in pursuit of these goals. We both want to help Puerto Rico because we both love Puerto Rico. However, I don’t know whether to laugh or cry at the irony of the governor’s anti-statehood administration seeking state-like treatment for Puerto Rico in these and other critical policy areas. The fact is that politicians in Puerto Rico who defend or rationalize our territory status are complicit in the terrible treatment this status brings. That may be a tough statement, but it is a true statement.

What I desire for Puerto Rico is simple. I don’t need to resort to tortured legal or policy arguments to explain it. I don’t seek special, different or unique treatment. I don’t ask to be treated any better than the states, but I won’t accept being treated any worse either. I want only

for Puerto Rico to be treated equally. Give us the same rights and opportunities as our fellow American citizens, and let us rise or fall based on our own merits. Because I know that we will rise.

To be clear, this is not only my personal view. To the contrary, this is now the predominant view among the Puerto Rico public. In 2012, the government of Puerto Rico sponsored a referendum in which a majority of voters rejected Puerto Rico's current territory status and more voters expressed a desire for statehood than for any other status option, including the current territory status. In the wake of that historic vote, I conveyed the results to you—my colleagues in Congress—and to the Obama administration. I did this because, for a territory to become a state, Congress must approve legislation known as “an admission act” and the president must sign that legislation into law, just like any other bill.

At my initiative, the Obama administration in April 2013 requested—and Congress in January 2014 approved with bipartisan support—an appropriation of \$2.5 million to fund the first federally-sponsored status referendum in Puerto Rico's history. We wrote the provision, which is contained in Public Law 113-76, so that this funding will remain available until it is used. While the law does not prescribe the exact format of the ballot, leaving those details to the Puerto Rico government, it does require the U.S. Department of Justice to certify that the ballot and voter education materials are consistent with U.S. law and policy. This will ensure that the ballot contains only real status options, as opposed to fanciful proposals.

It is now clear that the governor of Puerto Rico will not use this funding before his term in office ends next year—and I hope the members of this Subcommittee will ask the governor's representative at this hearing why not. When I am in a position to utilize this funding, I will do so without hesitation. My proposal is to use the funding to hold a simple yes-or-no vote on whether Puerto Rico should be admitted as a state. This approach is logical and fair. First, it is deeply rooted in precedent. Alaska and Hawaii each conducted federally-sponsored yes-or-no votes prior to statehood. Second, because statehood obtained the most votes in the 2012 referendum, it makes sense to now hold a vote on statehood itself. Third, the format is inclusive. Those who support statehood can vote “yes” and those who oppose it for any reason can vote “no.” Fourth, the vote would yield a definitive result that nobody could reasonably question. Politicians in Puerto Rico who favor the *status quo* have perfected the dark art of seeking to undermine the legitimacy of any vote they lose; the process I have proposed will make it impossible for them to do so again.

This approach has broad support in Congress. In February, I introduced H.R. 727, the *Puerto Rico Statehood Admission Process Act*. Consistent with my philosophy, the bill would authorize a federally-sponsored vote to be held in Puerto Rico by the end of 2017, with the ballot containing a single question: “Shall Puerto Rico be admitted as a State of the United States?” To conduct this vote, the Puerto Rico government could use the \$2.5 million that Congress already approved in Public Law 113-76. If a majority of voters affirm their desire for admission, the bill provides for an automatic series of steps to occur that would culminate in Puerto Rico's admission as a state in the year 2021.

H.R. 727 is forceful and ambitious, because the days of half-steps and half-measures on this issue are over. Yet the bill already has 109 cosponsors from 39 states and territories, and more bipartisan support than 99 percent of the nearly 3,000 bills that have been introduced in Congress this year. Cosponsors include the Chairman and Ranking Member of this Subcommittee; 7 of the 12 members of this Subcommittee; the Ranking Member of the full Committee; all 10 Democrats and four Republicans from the critical state of Florida; and a majority of the members of the Congressional Hispanic Caucus. Each cosponsor helps refute the false and cynical argument that the United States would not accept Puerto Rico as an equal member of the American family. Each cosponsor endorses the proposition that, if a majority of my constituents confirm in a federally-sanctioned vote that they want Puerto Rico be admitted as a state, then Congress should act to implement that democratically-expressed desire on a reasonable but rapid timetable. In my view, this is the only morally acceptable position, and I thank those Members who have taken it. You are on the right side of history.

Chairman Young, thank you for scheduling this hearing and for everything you have done over the years to support Puerto Rico's quest for equality through statehood. I know that one day, not too far off, Puerto Rico will follow in Alaska's footsteps.