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(Original Signature of Member)

114TH CONGRESS  
1ST SESSION

# H. R. \_\_\_\_\_

To provide the government of Puerto Rico the choice to restructure its municipal debt in conjunction with enhanced financial oversight, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. DUFFY (for himself and \_\_\_\_\_) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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# A BILL

To provide the government of Puerto Rico the choice to restructure its municipal debt in conjunction with enhanced financial oversight, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Puerto Rico Financial Stability and Debt Restructuring  
6 Choice Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for  
8 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.

TITLE I—ESTABLISHMENT AND ORGANIZATION OF FINANCIAL  
STABILITY COUNCIL

- Sec. 101. Puerto Rico Financial Stability Council.
- Sec. 102. Executive director and staff of Council.
- Sec. 103. Powers of Council.
- Sec. 104. Exemption from liability for claims.
- Sec. 105. Treatment of actions arising from Act.
- Sec. 106. Funding for operation of Council.
- Sec. 107. Termination of activities.
- Sec. 108. Application of laws of Puerto Rico to Council.
- Sec. 109. Rules of construction.

TITLE II—RESPONSIBILITIES OF FINANCIAL STABILITY COUNCIL

- Sec. 201. Development of financial plan and budget for Puerto Rico.
- Sec. 202. Process for submission and approval of financial plan and annual  
Puerto Rico budget.
- Sec. 203. Restrictions on borrowing by Puerto Rico.
- Sec. 204. Effect of finding of noncompliance with financial plan and budget.
- Sec. 205. Recommendations on financial stability and management responsi-  
bility.

TITLE III—DEBT RESTRUCTURING

- Sec. 301. Amendment.
- Sec. 302. Effective date; application of amendment.
- Sec. 303. Severability.

**1 SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) A combination of structural problems,  
4 mounting debt, and weak public finances has left  
5 Puerto Rico in a financial debt crisis and resulted in  
6 continued outmigration of residents and business  
7 from Puerto Rico further stifling growth.

8 (2) A comprehensive, long-term approach must  
9 be established to initiate significant reforms to re-  
10 store to Puerto Rico access to short-term and long-

1 term lending, eliminate annual deficits, and reduce  
2 its debt.

3 (3) The current crisis requires congressional ac-  
4 tion that supports Puerto Rico by providing the ap-  
5 appropriate tools needed to restore financial stability  
6 while respecting and strengthening its authority to  
7 operate and grow independently.

8 **TITLE I—ESTABLISHMENT AND**  
9 **ORGANIZATION OF FINAN-**  
10 **CIAL STABILITY COUNCIL**

11 **SEC. 101. PUERTO RICO FINANCIAL STABILITY COUNCIL.**

12 (a) ESTABLISHMENT.—Upon the enactment of a law  
13 or resolution adopted by the legislative assembly of Puerto  
14 Rico and signed by the Governor of Puerto Rico, and pur-  
15 suant to article IV, section 3, clause 2 of the Constitution  
16 of the United States, there shall be established the Puerto  
17 Rico Financial Stability Council (here and after referred  
18 to in this Act as the “Council”), consisting of members  
19 appointed in accordance with subsection (b).

20 (b) MEMBERSHIP.—

21 (1) IN GENERAL.—The Council shall consist of  
22 5 members appointed by the President who meet the  
23 qualifications described in subsection (c).

24 (2) CONSULTATION WITH CONGRESS.—The  
25 President shall consult with the Speaker of the

1 House of Representatives, the Minority Leader of  
2 the House of Representatives, the Majority Leader  
3 of the Senate, the Minority Leader of the Senate,  
4 and the Resident Commissioner from Puerto Rico  
5 with respect to who should be appointed to the  
6 Council.

7 (3) CHAIR.—The President shall designate one  
8 of the members of the Council as the chair of the  
9 Council.

10 (4) SENSE OF CONGRESS REGARDING DEAD-  
11 LINE FOR APPOINTMENT.—It is the sense of Con-  
12 gress that the President should appoint the members  
13 of the Council as soon as practicable after the estab-  
14 lishment of the Council, but in no event later than  
15 25 days after the date of the establishment of the  
16 Council.

17 (5) TERM OF SERVICE.—

18 (A) IN GENERAL.—Except as provided in  
19 subparagraph (B), each member of the Council  
20 shall be appointed for a term of 3 years.

21 (B) APPOINTMENT FOR TERM FOLLOWING  
22 INITIAL TERM.—For the term immediately fol-  
23 lowing the initial term, members shall be ap-  
24 pointed by the President as follows:

25 (i) 1 member for a term of 1 year.

1 (ii) 2 members each for a term of 2  
2 years.

3 (iii) 2 members each for a term of 3  
4 years.

5 (C) REMOVAL.—The President may re-  
6 move any member of the Council only for cause.

7 (c) QUALIFICATIONS FOR MEMBERSHIP.—An indi-  
8 vidual meets the qualifications for membership on the  
9 Council if the individual—

10 (1) has knowledge and expertise in finance,  
11 management, and the organization or operation of  
12 business or government;

13 (2) does not provide goods or services to the  
14 government of Puerto Rico (and is not the spouse,  
15 parent, child, or sibling of an individual who pro-  
16 vides goods and services to the government of Puer-  
17 to Rico);

18 (3) is not an officer or employee of the govern-  
19 ment of Puerto Rico;

20 (4) maintains a primary residence in Puerto  
21 Rico or has a primary place of business in Puerto  
22 Rico; and

23 (5) complies with Federal conflict of interest re-  
24 quirements as mandated by section 208 of title 18,  
25 United States Code.

1           (d) NO COMPENSATION FOR SERVICE.—Members of  
2 the Council shall serve without pay, but may receive reim-  
3 bursement for any reasonable and necessary expenses in-  
4 curred by reason of service on the Council.

5           (e) ADOPTION OF BY-LAWS FOR CONDUCTING BUSI-  
6 NESS OF AUTHORITY.—

7           (1) IN GENERAL.—As soon as practicable after  
8 the appointment of its members, but not later than  
9 30 days, the Council shall adopt by-laws, rules, and  
10 procedures governing its activities under this Act, in-  
11 cluding procedures for hiring experts and consult-  
12 ants. Such by-laws, rules, and procedures shall be  
13 public documents, and shall be submitted by the  
14 Council upon adoption to the Governor, the legisla-  
15 tive assembly, the President, and Congress.

16           (2) CERTAIN ACTIVITIES REQUIRING APPROVAL  
17 OF MAJORITY OF MEMBERS.—Under the by-laws  
18 adopted pursuant to paragraph (1), the Council may  
19 conduct its operations under such procedures as it  
20 considers appropriate, except that an affirmative  
21 vote of a majority of the members of the Council  
22 shall be required in order for the Council to—

23                   (A) approve or disapprove a financial plan  
24                   and budget under title II; and

1 (B) implement recommendations on finan-  
2 cial stability and management responsibility  
3 under section 107.

4 (3) ADOPTION OF RULES AND REGULATIONS OF  
5 PUERTO RICO.—The Council may incorporate in its  
6 by-laws, rules, and procedures under this subsection  
7 such rules and regulations of the government of  
8 Puerto Rico as it considers appropriate to enable it  
9 to carry out its activities under this Act with the  
10 greatest degree of independence practicable.

11 **SEC. 102. EXECUTIVE DIRECTOR AND STAFF OF COUNCIL.**

12 (a) EXECUTIVE DIRECTOR.—The Council shall have  
13 an executive director who shall be appointed by the chair  
14 with the consent of the Council. The executive director  
15 shall be paid at a rate determined by the Council, except  
16 that such rate may not exceed the rate of basic pay pay-  
17 able for level IV of the Executive Schedule.

18 (b) STAFF.—With the approval of the chair, the exec-  
19 utive director may appoint and fix the pay of additional  
20 personnel as the executive director considers appropriate,  
21 except that no individual appointed by the executive direc-  
22 tor may be paid at a rate greater than the rate of pay  
23 for the executive director.

24 (c) INAPPLICABILITY OF CERTAIN EMPLOYMENT  
25 AND PROCUREMENT LAWS.—

1           (1) CIVIL SERVICE LAWS.—The executive direc-  
2           tor and staff of the Council may be appointed with-  
3           out regard to the provisions of title 5, United States  
4           Code, governing appointments in the competitive  
5           service, and paid without regard to the provisions of  
6           chapter 51 and subchapter III of chapter 53 of that  
7           title relating to classification and General Schedule  
8           pay rates.

9           (2) PUERTO RICO EMPLOYMENT AND PROCURE-  
10          MENT LAWS.—The executive director and staff of  
11          the Council may be appointed and paid without re-  
12          gard to the provisions of the laws of Puerto Rico  
13          governing appointments and salaries. The provisions  
14          of the laws of Puerto Rico governing procurement  
15          shall not apply to the Council.

16          (d) STAFF OF FEDERAL AGENCIES.—Upon request  
17          of the chair, the head of any Federal department or agen-  
18          cy may detail, on a reimbursable or nonreimbursable basis,  
19          any of the personnel of that department or agency to the  
20          Council to assist it in carrying out its duties under this  
21          Act.

22          (e) PRESERVATION OF RETIREMENT AND CERTAIN  
23          OTHER RIGHTS OF FEDERAL EMPLOYEES WHO BECOME  
24          EMPLOYED BY THE COUNCIL.—

1           (1) IN GENERAL.—A Federal employee who,  
2           within 2 months after separating from the Federal  
3           Government, becomes employed by the Council—

4                   (A) may elect, for purposes of the retire-  
5                   ment system in which that individual last par-  
6                   ticipated before so separating, to have such in-  
7                   dividual's period of service with the Council  
8                   treated in the same way as if performed in the  
9                   position within the Federal Government from  
10                  which separated, subject to the requisite em-  
11                  ployee deductions and agency contributions  
12                  being currently deposited in the appropriate  
13                  fund; and

14                  (B) if, after serving with the Council, such  
15                  employee becomes reemployed by the Federal  
16                  Government, shall be entitled to credit for the  
17                  full period of such individual's service with the  
18                  Council for purposes of determining the appli-  
19                  cable leave accrual rate.

20           (2) RETIREMENT.—

21                   (A) CONTRIBUTIONS.—For purposes of  
22                   subparagraph (A) of paragraph (1)—

23                           (i) the employee deductions referred  
24                           to in such paragraph shall be made from  
25                           basic pay for service with the Council, and

1 shall be computed using the same percent-  
2 age as would then apply if the individual  
3 were instead serving in the position within  
4 the Federal Government from which sepa-  
5 rated; and

6 (ii) the agency contributions referred  
7 to in such paragraph shall be made by the  
8 Council.

9 (B) DOUBLE COVERAGE NOT PER-  
10 MITTED.—An individual who makes an election  
11 under paragraph (1)(A) shall be ineligible, while  
12 such election remains in effect, to participate in  
13 any retirement system for employees of the gov-  
14 ernment of Puerto Rico.

15 (3) REGULATIONS.—The Office of Personnel  
16 Management shall prescribe such regulations as may  
17 be necessary to carry out this subsection. Regula-  
18 tions to carry out paragraph (1)(A) shall be pre-  
19 scribed in consultation with the office or agency of  
20 the government of the Puerto Rico having jurisdic-  
21 tion over any retirement system referred to in para-  
22 graph (2)(B).

23 **SEC. 103. POWERS OF COUNCIL.**

24 (a) HEARINGS AND SESSIONS.—The Council may, for  
25 the purpose of carrying out this Act, hold hearings, sit

1 and act at times and places, take testimony, and receive  
2 evidence as the Council considers appropriate. The Council  
3 may administer oaths or affirmations to witnesses appear-  
4 ing before it.

5 (b) POWERS OF MEMBERS AND AGENTS.—Any mem-  
6 ber or agent of the Council may, if authorized by the  
7 Council, take any action which the Council is authorized  
8 to take by this section.

9 (c) OBTAINING OFFICIAL DATA.—

10 (1) FROM FEDERAL GOVERNMENT.—Notwith-  
11 standing sections 552 (commonly known as the  
12 Freedom of Information Act) and 552b (the Privacy  
13 Act) of title 5, United States Code, the Council may  
14 secure directly from any department or agency of  
15 the United States information necessary to enable it  
16 to carry out this Act, with the approval of the head  
17 of that department or agency.

18 (2) FROM GOVERNMENT OF PUERTO RICO.—  
19 Notwithstanding any other provision of law, the  
20 Council shall have the right to secure copies of such  
21 records, documents, information, or data from any  
22 entity of the government of Puerto Rico necessary to  
23 enable the Council to carry out its responsibilities  
24 under this Act. At the request of the Council, the  
25 Council shall be granted direct access to such infor-

1       mation systems, records, documents, information, or  
2       data as will enable the Council to carry out its re-  
3       sponsibilities under this Act. The head of the entity  
4       of the government of Puerto Rico responsible shall  
5       timely provide the Council with such information  
6       and assistance (including granting the Council direct  
7       access to automated or other information systems)  
8       as the Council requires under this paragraph.

9       (d) GIFTS, BEQUESTS, AND DEVISES.—The Council  
10      may accept, use, and dispose of gifts, bequests, or devises  
11      of services or property, both real and personal, for the pur-  
12      pose of aiding or facilitating the work of the Council.  
13      Gifts, bequests, or devises of money and proceeds from  
14      sales of other property received as gifts, bequests, or de-  
15      vises shall be deposited in such account as the Council may  
16      establish and shall be available for disbursement upon  
17      order of the chair.

18      (e) SUBPOENA POWER.—

19           (1) IN GENERAL.—The Council may issue sub-  
20      poenas requiring the attendance and testimony of  
21      witnesses and the production of any evidence relat-  
22      ing to any matter under investigation by the Coun-  
23      cil. The attendance of witnesses and the production  
24      of evidence may be required from any place within

1 the United States at any designated place of hearing  
2 within the United States.

3 (2) FAILURE TO OBEY A SUBPOENA.—If a per-  
4 son refuses to obey a subpoena issued under para-  
5 graph (1), the Council may apply to a United States  
6 district court for an order requiring that person to  
7 appear before the Council to give testimony, produce  
8 evidence, or both, relating to the matter under inves-  
9 tigation. The application may be made within the ju-  
10 dicial district where the hearing is conducted or  
11 where that person is found, resides, or transacts  
12 business. Any failure to obey the order of the court  
13 may be punished by the court as civil contempt.

14 (3) SERVICE OF SUBPOENAS.—The subpoenas  
15 of the Council shall be served in the manner pro-  
16 vided for subpoenas issued by a United States dis-  
17 trict court under the Federal Rules of Civil Proce-  
18 dure for the United States district courts.

19 (4) SERVICE OF PROCESS.—All process of any  
20 court to which application is made under paragraph  
21 (2) may be served in the judicial district in which  
22 the person required to be served resides or may be  
23 found.

24 (f) ADMINISTRATIVE SUPPORT SERVICES.—Upon the  
25 request of the Council, the Administrator of General Serv-

1 ices may provide to the Council, on a reimbursable basis,  
2 the administrative support services necessary for the  
3 Council to carry out its responsibilities under this Act.

4 (g) AUTHORITY TO ENTER INTO CONTRACTS.—The  
5 executive director may enter into such contracts as the ex-  
6 ecutive director considers appropriate (subject to the ap-  
7 proval of the chair) to carry out the Council’s responsibil-  
8 ities under this Act.

9 (h) CIVIL ACTIONS TO ENFORCE POWERS.—The  
10 Council may seek judicial enforcement of its authority to  
11 carry out its responsibilities under this Act.

12 (i) PENALTIES.—

13 (1) ACTS PROHIBITED.—Any officer or em-  
14 ployee of the government of Puerto Rico who—

15 (A) takes any action in violation of any  
16 valid order of the Council or fails or refuses to  
17 take any action required by any such order; or

18 (B) prepares, presents, or certifies any in-  
19 formation (including any projections or esti-  
20 mates) or report for the Council or any of its  
21 agents that is false or misleading, or, upon  
22 learning that any such information is false or  
23 misleading, fails to immediately advise the  
24 Council or its agents thereof in writing, shall be  
25 guilty of a misdemeanor.

1           (2) ADMINISTRATIVE DISCIPLINE.—In addition  
2           to any other applicable penalty, any officer or em-  
3           ployee of the government of Puerto Rico who know-  
4           ingly and willfully violates paragraph (1) shall be  
5           subject to appropriate administrative discipline, in-  
6           cluding (when appropriate) suspension from duty  
7           without pay or removal from office by order of either  
8           the Governor or Council.

9           (3) REPORT BY GOVERNOR ON DISCIPLINARY  
10          ACTIONS TAKEN.—In the case of a violation of para-  
11          graph (1) by an officer or employee of the govern-  
12          ment of Puerto Rico, the Governor shall immediately  
13          report to the Council all pertinent facts together  
14          with a statement of the action taken thereon.

15 **SEC. 104. EXEMPTION FROM LIABILITY FOR CLAIMS.**

16          The Council and its members may not be liable for  
17          any obligation of or claim against Puerto Rico resulting  
18          from actions taken to carry out this Act.

19 **SEC. 105. TREATMENT OF ACTIONS ARISING FROM ACT.**

20          (a) JURISDICTION ESTABLISHED IN DISTRICT  
21          COURT FOR PUERTO RICO.—Except as provided in section  
22          103(e)(2) (relating to the issuance of an order enforcing  
23          a subpoena), any action against the Council or any action  
24          otherwise arising out of this Act, in whole or in part, shall

1 be brought in the United States District Court for the Dis-  
2 trict of Puerto Rico.

3 (b) PROMPT APPEAL.—

4 (1) COURT OF APPEALS.—Notwithstanding any  
5 other provision of law, any order of the United  
6 States District Court for the District of Puerto Rico  
7 which is issued pursuant to an action brought under  
8 subsection (a) shall be reviewable only pursuant to  
9 a notice of appeal to the United States Court of Ap-  
10 peals for the First Circuit.

11 (2) SUPREME COURT.—Notwithstanding any  
12 other provision of law, review by the Supreme Court  
13 of the United States of a decision of the Court of  
14 Appeals which is issued pursuant to paragraph (1)  
15 may be had only if the petition for such review is  
16 filed within 10 days after the entry of such decision.

17 (c) TIMING OF RELIEF.—No order of any court  
18 granting declaratory or injunctive relief against the Coun-  
19 cil, including relief permitting or requiring the obligation,  
20 borrowing, or expenditure of funds, shall take effect dur-  
21 ing the pendency of the action before such court, during  
22 the time appeal may be taken, or (if appeal is taken) dur-  
23 ing the period before the court has entered its final order  
24 disposing of such action.

1 (d) EXPEDITED CONSIDERATION.—It shall be the  
2 duty of the United States District Court for the District  
3 of Puerto Rico, the United States Court of Appeals for  
4 the First Circuit, and the Supreme Court of the United  
5 States to advance on the docket and to expedite to the  
6 greatest possible extent the disposition of any matter  
7 brought under subsection (a).

8 **SEC. 106. FUNDING FOR OPERATION OF COUNCIL.**

9 (a) SUBMISSION OF BUDGET.—The Council shall  
10 submit a proposed budget for each fiscal year to the Presi-  
11 dent for the inclusion in the annual budget of the United  
12 States.

13 (b) CONTENTS OF BUDGET.—The budget shall de-  
14 scribe—

15 (1) expenditures of the Council by each object  
16 class, including expenditures for staff of the Council;

17 (2) services of personnel and other services pro-  
18 vided by or on behalf of the Council for which the  
19 Council made no reimbursement; and

20 (3) any gifts or bequests made to the Council  
21 during the previous fiscal year.

22 (c) APPROPRIATIONS.—No amount may be obligated  
23 or expended by the Council for a fiscal year unless such  
24 amount has been approved by an Act of Congress, and  
25 then only according to such Act.

1 **SEC. 107. TERMINATION OF ACTIVITIES.**

2 The Council may not terminate its activities earlier  
3 than 3 fiscal years after its establishment and until—

4 (1) it has certified to the President that the  
5 government of Puerto Rico has made meaningful  
6 progress in its budgeting practices, tax collection,  
7 and its fiscal condition, including access to the cap-  
8 ital markets at a reasonable interest rate; and

9 (2) the President has approved the Council's  
10 certification in paragraph (1).

11 **SEC. 108. APPLICATION OF LAWS OF PUERTO RICO TO**  
12 **COUNCIL.**

13 (a) IN GENERAL.—The following laws of Puerto Rico  
14 (as in effect on the date of the enactment of this Act)  
15 shall apply to the members and activities of the Council:

16 (1) Open Meeting Law.

17 (2) FOIA Requirement.

18 (3) Conflicts of Interest.

19 (b) NO CONTROL, SUPERVISION, OVERSIGHT, OR RE-  
20 VIEW BY GOVERNOR OR LEGISLATIVE ASSEMBLY.—

21 (1) IN GENERAL.—Neither the Governor nor  
22 the legislative assembly may exercise any control, su-  
23 pervision, oversight, or review over the Council or its  
24 activities.

25 (2) PROHIBITION AGAINST LEGISLATION AF-  
26 FECTING AUTHORITY.—The legislative assembly

1 shall have no authority to enact any act, resolution,  
2 or rule with respect to the Council established under  
3 section 101(a) of this Act.

4 (c) **AUTHORITY NOT SUBJECT TO REPRESENTATION**  
5 **BY PUERTO RICO ATTORNEY GENERAL.**—In any action  
6 brought by or on behalf of the Council, and in any action  
7 brought against the Council, the Council shall be rep-  
8 resented by such counsel as it may select, but in no in-  
9 stance may the Council be represented by the attorney  
10 general of Puerto Rico.

11 **SEC. 109. RULES OF CONSTRUCTION.**

12 Nothing in this Act may be construed—

13 (1) to limit the authority of Congress to exer-  
14 cise ultimate legislative authority over Puerto Rico  
15 pursuant to article IV, section 3, clause 2 of the  
16 Constitution of the United States; or

17 (2) to interfere with the right of the United  
18 States citizens of Puerto Rico to determine whether  
19 to remain a territory, become a State of the United  
20 States of America, or become a sovereign nation.

1 **TITLE II—RESPONSIBILITIES OF**  
2 **FINANCIAL STABILITY COUNCIL**

3 **SEC. 201. DEVELOPMENT OF FINANCIAL PLAN AND BUDG-**  
4 **ET FOR PUERTO RICO.**

5 (a) DEVELOPMENT OF FINANCIAL PLAN AND BUDG-  
6 ET.—For each fiscal year, the Governor shall develop and  
7 submit to the Council a financial plan and budget for  
8 Puerto Rico in accordance with this section.

9 (b) CONTENTS OF FINANCIAL PLAN AND BUDGET.—  
10 A financial plan and budget for the government of Puerto  
11 Rico for a fiscal year and the next 3 fiscal years (including  
12 the projected revenues and expenditures of each fund of  
13 the government of Puerto Rico for such years), shall sat-  
14 isfy the following requirements:

15 (1) The financial plan and budget shall meet  
16 the standards described in subsection (c) to promote  
17 the financial stability of the government of Puerto  
18 Rico.

19 (2) The financial plan and budget shall provide  
20 for estimates of revenues and expenditures on a  
21 modified accrual basis.

22 (3) The financial plan and budget shall—

23 (A) describe lump-sum expenditures by de-  
24 partment by object class;

1 (B) describe capital expenditures (together  
2 with a schedule of projected capital commit-  
3 ments of the government of Puerto Rico and  
4 proposed sources of funding);

5 (C) contain estimates of short-term and  
6 long-term debt (both outstanding and antici-  
7 pated to be issued); and

8 (D) contain cash flow forecasts for each  
9 fund of the government of Puerto Rico at such  
10 intervals as the Council may require.

11 (4) The financial plan and budget shall include  
12 a statement describing methods of estimations and  
13 significant assumptions.

14 (5) The financial plan and budget shall include  
15 any other provisions and shall meet such other cri-  
16 teria as the Council considers appropriate to meet  
17 the purposes of this Act, including management ini-  
18 tiatives to promote productivity, improvement in the  
19 delivery of services, or cost savings.

20 (c) STANDARDS TO PROMOTE FINANCIAL STABILITY  
21 DESCRIBED.—

22 (1) IN GENERAL.—The standards to promote  
23 the financial stability of the government of Puerto  
24 Rico applicable to the financial plan and budget for  
25 a fiscal year are as follows:

1           (A) The Council shall contract with an  
2 independent auditor to conduct a full scale  
3 audit of the financial practices and accounting  
4 methodologies employed by the government of  
5 Puerto Rico, and based on this report make  
6 recommendations for changes and improve-  
7 ments to be considered to be employed by the  
8 Council.

9           (B) During the first three years of the  
10 plan, the government of Puerto Rico shall make  
11 continuous, substantial progress toward equal-  
12 izing the expenditures and revenues of the gov-  
13 ernment of Puerto Rico for such fiscal years (in  
14 equal annual installments to the greatest extent  
15 possible).

16           (C) The financial plan and budget shall as-  
17 sure the continuing long-term financial stability  
18 of the government of Puerto Rico, as indicated  
19 by factors including access to short-term and  
20 long-term capital markets, the efficient manage-  
21 ment of the government of Puerto Rico's work-  
22 force, and the effective provision of services by  
23 the government of Puerto Rico.

24           (2) APPLICATION OF SOUND BUDGETARY PRAC-  
25 TICES.—In meeting the standards described in para-

1 graph (1) with respect to a financial plan and budg-  
2 et for a fiscal year, the government of Puerto Rico  
3 shall apply sound budgetary practices, including re-  
4 ducing costs and other expenditures, improving pro-  
5 ductivity, improving tax collection, or combinations  
6 of such practices.

7 **SEC. 202. PROCESS FOR SUBMISSION AND APPROVAL OF FI-**  
8 **NANCIAL PLAN AND ANNUAL PUERTO RICO**  
9 **BUDGET.**

10 (a) SUBMISSION OF PRELIMINARY FINANCIAL PLAN  
11 AND BUDGET BY GOVERNOR.—After consultation with the  
12 Governor and legislative assembly of Puerto Rico, the  
13 Council shall set a date for the Governor to submit to the  
14 Council and the legislative assembly a financial plan and  
15 budget for the fiscal year which meets the requirement of  
16 section 201.

17 (b) REVIEW BY COUNCIL.—Upon receipt of the fi-  
18 nancial plan and budget for a fiscal year from the Gov-  
19 ernor under subsection (a), the Council shall promptly re-  
20 view the financial plan and budget. In conducting the re-  
21 view, the Council may request any additional information  
22 it considers necessary and appropriate to carry out its du-  
23 ties under this title.

24 (c) ACTION UPON APPROVAL OF GOVERNOR'S PRE-  
25 LIMINARY FINANCIAL PLAN AND BUDGET.—

1 (1) CERTIFICATION TO GOVERNOR.—

2 (A) IN GENERAL.—If the Council deter-  
3 mines that the financial plan and budget for the  
4 fiscal year submitted by the Governor under  
5 subsection (a) meets the requirements applica-  
6 ble under section 201—

7 (i) the Council shall approve the fi-  
8 nancial plan and budget and shall provide  
9 the Governor, the legislative assembly, the  
10 President, and Congress with a notice cer-  
11 tifying its approval; and

12 (ii) the Governor shall promptly sub-  
13 mit the financial plan and budget to the  
14 legislative assembly.

15 (B) DEEMED APPROVAL AFTER 30 DAYS.—

16 (i) IN GENERAL.—If the Council has  
17 not provided the Governor, the legislative  
18 assembly, the President, and Congress  
19 with a notice certifying approval under  
20 subparagraph (A)(i) or a statement of dis-  
21 approval under subsection (d)(1) upon the  
22 expiration of the 30-day period which be-  
23 gins on the date the Council receives the  
24 financial plan and budget from the Gov-  
25 ernor under subsection (a), the Council

1 shall be deemed to have approved the fi-  
2 nancial plan and budget and to have pro-  
3 vided the Governor, the legislative assem-  
4 bly, the President, and Congress with the  
5 notice certifying approval described in sub-  
6 paragraph (A)(i).

7 (ii) EXPLANATION OF FAILURE TO  
8 RESPOND.—If clause (i) applies with re-  
9 spect to a financial plan and budget, the  
10 Council shall provide the Governor, the leg-  
11 islative assembly, the President and Con-  
12 gress with an explanation for its failure to  
13 provide the notice certifying approval or  
14 the statement of disapproval during the  
15 30-day period described in such clause.

16 (2) ADOPTION OF BUDGET BY ASSEMBLY  
17 AFTER RECEIPT OF APPROVED BUDGET.—Not later  
18 than the date set by the Council in subsection (a)  
19 after receiving the budget for the fiscal year from  
20 the Governor under paragraph (1)(A)(ii), the legisla-  
21 tive assembly shall by Act adopt a budget for the fis-  
22 cal year which shall serve as the adoption of the  
23 budget of the government of Puerto Rico for the fis-  
24 cal year under such section, and shall submit such  
25 budget to the Governor and the Council.

1           (3) REVIEW OF LEGISLATIVE ASSEMBLY BUDG-  
2           ET BY AUTHORITY.—Upon receipt of the budget for  
3           a fiscal year from the legislative assembly under  
4           paragraph (2) (taking into account any items or pro-  
5           visions disapproved by the Governor or disapproved  
6           by the Governor and reenacted by the legislative as-  
7           sembly) the Council shall promptly review the budg-  
8           et. In conducting the review, the Council may re-  
9           quest any additional information it considers nec-  
10          essary and appropriate to carry out its duties under  
11          this subtitle.

12           (4) RESULTS OF AUTHORITY REVIEW OF LEGIS-  
13          LATIVE ASSEMBLY'S INITIAL BUDGET.—

14           (A) APPROVAL OF LEGISLATIVE ASSEM-  
15          BLY'S INITIAL BUDGET.—If the Council deter-  
16          mines that the budget for the fiscal year sub-  
17          mitted by the legislative assembly under para-  
18          graph (2) meets the requirements applicable  
19          under section 201—

20                   (i) the Council shall approve the budg-  
21                   et and shall provide the Governor, the leg-  
22                   islative assembly, the President, and Con-  
23                   gress with a notice certifying its approval;  
24                   and

1 (ii) the legislative assembly shall  
2 promptly submit the budget to the Gov-  
3 ernor for transmission to the President  
4 and Congress.

5 (B) DISAPPROVAL OF LEGISLATIVE ASSEM-  
6 BLY'S INITIAL BUDGET.—If the Council deter-  
7 mines that the budget for the fiscal year sub-  
8 mitted by the legislative assembly under para-  
9 graph (2) does not meet the requirements appli-  
10 cable under section 201, the Council shall dis-  
11 approve the budget, and shall provide the Gov-  
12 ernor, the legislative assembly, the President,  
13 and Congress with a statement containing—

14 (i) the reasons for such disapproval;  
15 and

16 (ii) any recommendations for revisions  
17 to the budget the Council considers appro-  
18 priate to ensure that the budget is con-  
19 sistent with section 201(b) and (c).

20 (C) DEEMED APPROVAL AFTER 15 DAYS.—

21 (i) IN GENERAL.—If the Council has  
22 not provided the Governor, the legislative  
23 assembly, the President, and Congress  
24 with a notice certifying approval under  
25 subparagraph (A)(i) or a statement of dis-

1 approval under subparagraph (B) upon the  
2 expiration of the 15-day period which be-  
3 gins on the date the Council receives the  
4 budget from the legislative assembly under  
5 paragraph (2), the Council shall be deemed  
6 to have approved the budget and to have  
7 provided the Governor, the legislative as-  
8 sembly, the President, and Congress with  
9 the notice certifying approval described in  
10 subparagraph (A)(i).

11 (ii) EXPLANATION OF FAILURE TO  
12 RESPOND.—If clause (i) applies with re-  
13 spect to a budget, the Council shall provide  
14 the Governor, the legislative assembly, the  
15 President and Congress with an expla-  
16 nation for its failure to provide the notice  
17 certifying approval or the statement of dis-  
18 approval during the 15-day period de-  
19 scribed in such clause.

20 (5) AUTHORITY REVIEW OF LEGISLATIVE AS-  
21 SEMBLY'S REVISED BUDGET.—

22 (A) SUBMISSION OF LEGISLATIVE ASSEM-  
23 BLY'S REVISED BUDGET.—Not later than 15  
24 days after receiving the statement from the  
25 Council under paragraph (4)(B), the legislative

1 assembly shall promptly by Act adopt a revised  
2 budget for the fiscal year which addresses the  
3 reasons for the Council's disapproval cited in  
4 the statement, and shall submit such budget to  
5 the Governor and the Council.

6 (B) APPROVAL OF LEGISLATIVE ASSEM-  
7 BLY'S REVISED BUDGET.—If, after reviewing  
8 the revised budget for a fiscal year submitted  
9 by the legislative assembly under subparagraph  
10 (A) in accordance with the procedures described  
11 in this subsection, the Council determines that  
12 the revised budget meets the requirements ap-  
13 plicable under section 201, the Council shall ap-  
14 prove the budget and shall provide the Gov-  
15 ernor, the legislative assembly, the President,  
16 and Congress with a notice certifying its ap-  
17 proval.

18 (C) DISAPPROVAL OF LEGISLATIVE ASSEM-  
19 BLY'S REVISED BUDGET.—

20 (i) IN GENERAL.—If, after reviewing  
21 the revised budget for a fiscal year sub-  
22 mitted by the legislative assembly under  
23 subparagraph (A) in accordance with the  
24 procedures described in this subsection, the  
25 Council determines that the revised budget

1 does not meet the applicable requirements  
2 under section 201, the Council shall—

3 (I) disapprove the budget;

4 (II) provide the Governor, the  
5 legislative assembly, the President,  
6 and Congress with a statement con-  
7 taining the reasons for such dis-  
8 approval; and

9 (III) approve and recommend a  
10 budget for the government of Puerto  
11 Rico which meets the applicable re-  
12 quirements under section 201, and  
13 submit such budget to the Governor,  
14 the legislative assembly, the President,  
15 and Congress.

16 (ii) TRANSMISSION OF REJECTED  
17 BUDGET.—The legislative assembly shall  
18 promptly submit the revised budget dis-  
19 approved by the Council under this sub-  
20 paragraph to the Governor for trans-  
21 mission to the President and Congress.

22 (D) DEEMED APPROVAL AFTER 15 DAYS.—

23 (i) IN GENERAL.—If the Council has  
24 not provided the Governor, the legislative  
25 assembly, the President, and Congress

1 with a notice certifying approval under  
2 subparagraph (B)(i) or a statement of dis-  
3 approval under subparagraph (C) upon the  
4 expiration of the 15-day period which be-  
5 gins on the date the Council receives the  
6 revised budget submitted by the legislative  
7 assembly under subparagraph (A), the  
8 Council shall be deemed to have approved  
9 the revised budget and to have provided  
10 the Governor, the legislative assembly, the  
11 President, and Congress with the notice  
12 certifying approval described in subpara-  
13 graph (B)(i).

14 (ii) EXPLANATION OF FAILURE TO  
15 RESPOND.—If clause (i) applies with re-  
16 spect to a budget, the Council shall provide  
17 the Governor, the legislative assembly, the  
18 President and Congress with an expla-  
19 nation for its failure to provide the notice  
20 certifying approval or the statement of dis-  
21 approval during the 15-day period de-  
22 scribed in such clause.

23 (6) DEADLINE FOR TRANSMISSION OF A BUDG-  
24 ET BY AUTHORITY.—Notwithstanding any other pro-

1 vision of this section each fiscal year the Council  
2 shall—

3 (A) provide Congress with a notice certi-  
4 fying its approval of the legislative assembly's  
5 initial budget for the fiscal year under para-  
6 graph (4)(A);

7 (B) provide Congress with a notice certi-  
8 fying its approval of the legislative assembly's  
9 revised budget for the fiscal year under para-  
10 graph (5)(B); or

11 (C) submit to Congress an approved and  
12 recommended budget of the Council for the gov-  
13 ernment of Puerto Rico for the fiscal year  
14 under paragraph (5)(C).

15 (d) ACTION UPON DISAPPROVAL OF GOVERNOR'S  
16 PRELIMINARY BUDGET.—

17 (1) STATEMENT OF DISAPPROVAL.—If the  
18 Council determines that the budget for the fiscal  
19 year submitted by the Governor under subsection (a)  
20 does not meet the requirements applicable under sec-  
21 tion 201, the Council shall disapprove the budget,  
22 and shall provide the Governor and the legislative  
23 assembly with a statement containing—

24 (A) the reasons for such disapproval; and

1 (B) any recommendations for revisions to  
2 the budget the Council considers appropriate to  
3 ensure that the budget meets the requirements  
4 applicable under section 201.

5 (2) AUTHORITY REVIEW OF GOVERNOR'S RE-  
6 VISED FINANCIAL PLAN AND BUDGET.—

7 (A) SUBMISSION OF GOVERNOR'S REVISED  
8 FINANCIAL PLAN AND BUDGET.—Not later than  
9 15 days after receiving the statement from the  
10 Council under paragraph (1), the Governor  
11 shall promptly submit to the Council and the  
12 legislative assembly a revised financial plan and  
13 budget for the fiscal year which addresses the  
14 reasons for the Council's disapproval cited in  
15 the statement.

16 (B) APPROVAL OF GOVERNOR'S REVISED  
17 FINANCIAL PLAN AND BUDGET.—If the Council  
18 determines that the revised financial plan and  
19 budget for the fiscal year submitted by the Gov-  
20 ernor under subparagraph (A) meets the re-  
21 quirements applicable under section 201—

22 (i) the Council shall approve the fi-  
23 nancial plan and budget and shall provide  
24 the Governor, the legislative assembly, the

1 President, and Congress with a notice cer-  
2 tifying its approval; and

3 (ii) the Governor shall promptly sub-  
4 mit the financial plan and budget to the  
5 legislative assembly.

6 (C) DISAPPROVAL OF GOVERNOR'S RE-  
7 VISED FINANCIAL PLAN AND BUDGET.—

8 (i) IN GENERAL.—If the Council de-  
9 termines that the revised financial plan  
10 and budget for the fiscal year submitted by  
11 the Governor under subparagraph (A) does  
12 not meet the requirements applicable under  
13 section 201, the Council shall—

14 (I) disapprove the financial plan  
15 and budget;

16 (II) shall provide the Governor,  
17 the legislative assembly, the President,  
18 and Congress with a statement con-  
19 taining the reasons for such dis-  
20 approval; and

21 (III) recommend a financial plan  
22 and budget for the government of  
23 Puerto Rico which meets the require-  
24 ments applicable under section 201  
25 and submit such financial plan and

1 budget to the Governor and the legis-  
2 lative assembly.

3 (ii) SUBMISSION OF REJECTED FINAN-  
4 CIAL PLAN AND BUDGET.—The Governor  
5 shall promptly submit the revised financial  
6 plan and budget disapproved by the Coun-  
7 cil under this subparagraph to the legisla-  
8 tive assembly.

9 (D) DEEMED APPROVAL AFTER 15 DAYS.—

10 (i) IN GENERAL.—If the Council has  
11 not provided the Governor, the legislative  
12 assembly, the President, and Congress  
13 with a notice certifying approval under  
14 subparagraph (B)(i) or a statement of dis-  
15 approval under subparagraph (C) upon the  
16 expiration of the 15-day period which be-  
17 gins on the date the Council receives the  
18 revised financial plan and budget sub-  
19 mitted by the Governor under subpara-  
20 graph (A), the Council shall be deemed to  
21 have approved the revised financial plan  
22 and budget and to have provided the Gov-  
23 ernor, the legislative assembly, the Presi-  
24 dent, and Congress with the notice certi-

1                   fying approval described in subparagraph  
2                   (B)(i).

3                   (ii) EXPLANATION OF FAILURE TO  
4                   RESPOND.—If clause (i) applies with re-  
5                   spect to a financial plan and budget, the  
6                   Council shall provide the Governor, the leg-  
7                   islative assembly, the President and Con-  
8                   gress with an explanation for its failure to  
9                   provide the notice certifying approval or  
10                  the statement of disapproval during the  
11                  15-day period described in such clause.

12                  (3) ACTION BY LEGISLATIVE ASSEMBLY.—

13                  (A) ADOPTION OF FINANCIAL PLAN AND  
14                  BUDGET.—Not later than 30 days after receiv-  
15                  ing the Governor’s approved revised financial  
16                  plan and budget for the fiscal year under para-  
17                  graph (2)(B) or (in the case of a financial plan  
18                  and budget disapproved by the Council) the fi-  
19                  nancial plan and budget recommended by the  
20                  Council under paragraph (2)(C)(i)(III), the leg-  
21                  islative assembly shall by Act adopt a financial  
22                  plan and budget for the fiscal year which shall  
23                  serve as the adoption of the budgets of the gov-  
24                  ernment of Puerto Rico for the fiscal year  
25                  under such section, and shall submit the finan-

1           cial plan and budget to the Governor and the  
2           Council.

3                   (B) REVIEW BY AUTHORITY.—The finan-  
4           cial plan and budget submitted by the legisla-  
5           tive assembly under subparagraph (A) shall be  
6           subject to review by the Council and revision by  
7           the legislative assembly in the same manner as  
8           the financial plan and budget submitted by the  
9           legislative assembly after an approved prelimi-  
10          nary financial plan and budget of the Governor  
11          under paragraphs (3), (4), (5), and (6) of sub-  
12          section (c).

13          (e) REVISIONS TO FINANCIAL PLAN AND BUDGET.—

14                   (1) PERMITTING GOVERNOR TO SUBMIT REVI-  
15          SIONS.—The Governor may submit proposed revi-  
16          sions to the financial plan and budget to the Council  
17          at any time during the year.

18                   (2) PROCESS FOR REVIEW, APPROVAL, DIS-  
19          APPROVAL, AND LEGISLATIVE ASSEMBLY ACTION.—  
20          Except as provided in paragraph (3), the procedures  
21          described in subsections (b), (c), and (d) shall apply  
22          with respect to a proposed revision to a financial  
23          plan and budget in the same manner as such proce-  
24          dures apply with respect to the original financial  
25          plan and budget, except that subparagraph (B) of

1 subsection (c)(1) (relating to deemed approval by  
2 the Council of a preliminary financial plan and  
3 budget of the Governor) shall be applied as if the  
4 reference to the term “30-day period” were a ref-  
5 erence to “20-day period”.

6 (3) EXCEPTION FOR REVISIONS NOT AFFECT-  
7 ING APPROPRIATIONS.—To the extent that a pro-  
8 posed revision to a financial plan and budget adopt-  
9 ed by the legislative assembly pursuant to this sub-  
10 section does not increase the amount of spending  
11 with respect to any account of the government of  
12 Puerto Rico, the revision shall become effective upon  
13 the Council’s approval of such revision.

14 **SEC. 203. RESTRICTIONS ON BORROWING BY PUERTO RICO.**

15 (a) IN GENERAL.—The government of Puerto Rico  
16 may not borrow money unless the Council provides prior  
17 certification that both the receipt of funds through such  
18 borrowing and the repayment of obligations incurred  
19 through such borrowing are consistent with the financial  
20 plan and budget for the year.

21 (b) REVISIONS TO FINANCIAL PLAN AND BUDGET  
22 PERMITTED.—If the Council determines that the bor-  
23 rowing proposed to be undertaken by the government of  
24 Puerto Rico is not consistent with the financial plan and  
25 budget, the Governor may submit to the Council a pro-

1 posed revision to the financial plan and budget in accord-  
2 ance with section 202(e) so that the borrowing will be con-  
3 sistent with the financial plan and budget as so revised.

4 (c) BORROWING DESCRIBED.—This section shall  
5 apply with respect to any borrowing undertaken by the  
6 government of Puerto Rico.

7 **SEC. 204. EFFECT OF FINDING OF NONCOMPLIANCE WITH**  
8 **FINANCIAL PLAN AND BUDGET.**

9 (a) SUBMISSION OF REPORTS.—Not later than 30  
10 days after the expiration of each quarter of each fiscal  
11 year, the Governor shall submit reports to the Council de-  
12 scribing the actual revenues obtained and expenditures  
13 made by the government of Puerto Rico during the quar-  
14 ter with its cash flows during the quarter, and comparing  
15 such actual revenues, expenditures, and cash flows with  
16 the most recent projections for these items.

17 (b) DEMAND FOR ADDITIONAL INFORMATION.—If  
18 the Council determines, based on reports submitted by the  
19 Governor under subsection (a), independent audits, or  
20 such other information as the Council may obtain, that  
21 the revenues or expenditures of the government of Puerto  
22 Rico are not consistent with the financial plan and budget  
23 for the year, the Council shall require the Governor to pro-  
24 vide such additional information as the Council determines  
25 to be necessary to explain the inconsistency.

1 (c) CERTIFICATION OF VARIANCE.—After requiring  
2 the Governor to provide additional information under sub-  
3 section (b), the Council shall certify to the legislative as-  
4 sembly, the President, and Congress that the government  
5 of Puerto Rico is at variance with the financial plan and  
6 budget unless—

7 (1) (A) the additional information provides an  
8 explanation for the inconsistency which the Council  
9 finds reasonable and appropriate; or

10 (B) the government of Puerto Rico adopts or  
11 implements remedial action (including revising the  
12 financial plan and budget pursuant to section  
13 202(e)) to correct the inconsistency which the Coun-  
14 cil finds reasonable and appropriate, taking into ac-  
15 count the terms of the financial plan and budget;  
16 and

17 (2) the Governor agrees to submit the reports  
18 described in subsection (a) on a monthly basis for  
19 such period as the Council may require.

20 (d) EFFECT OF CERTIFICATION.—If the Council cer-  
21 tifies to the Secretary of the Treasury that a variance ex-  
22 ists, the Secretary shall withhold funds otherwise payable  
23 to Puerto Rico under such Federal programs as the Coun-  
24 cil may specify (other than funds dedicated to making en-  
25 titlement or benefit payments to individuals), in such

1 amounts and under such other conditions as the Council  
2 may specify.

3 **SEC. 205. RECOMMENDATIONS ON FINANCIAL STABILITY**  
4 **AND MANAGEMENT RESPONSIBILITY.**

5 (a) IN GENERAL.—The Council may at any time sub-  
6 mit recommendations to the Governor, the legislative as-  
7 sembly, the President, and Congress on actions the gov-  
8 ernment of Puerto Rico or the Federal Government may  
9 take to ensure compliance by the government of Puerto  
10 Rico with a financial plan and budget or to otherwise pro-  
11 mote the financial stability, management responsibility,  
12 and service delivery efficiency of the government of Puerto  
13 Rico.

14 (b) RESPONSE TO RECOMMENDATIONS FOR ACTIONS  
15 WITHIN AUTHORITY OF GOVERNMENT OF PUERTO  
16 RICO.—

17 (1) IN GENERAL.—In the case of any rec-  
18 ommendations submitted under subsection (a) which  
19 are within the authority of the government of Puerto  
20 Rico to adopt, not later than 90 days after receiving  
21 the recommendations, the Governor or the legislative  
22 assembly (whichever has the authority to adopt the  
23 recommendation) shall submit a statement to the  
24 Council, the President, and Congress which provides

1 notice as to whether the government of Puerto Rico  
2 will adopt the recommendations.

3 (2) IMPLEMENTATION PLAN REQUIRED FOR  
4 ADOPTED RECOMMENDATIONS.—If the Governor or  
5 the legislative assembly (whichever is applicable) no-  
6 tifies the Council and Congress under paragraph (1)  
7 that the government of Puerto Rico will adopt any  
8 of the recommendations submitted under subsection  
9 (a), the Governor or the legislative assembly (which-  
10 ever is applicable) shall include in the statement a  
11 written plan to implement the recommendation  
12 which includes—

13 (A) specific performance measures to de-  
14 termine the extent to which the government of  
15 Puerto Rico has adopted the recommendation;  
16 and

17 (B) a schedule for auditing the government  
18 of Puerto Rico's compliance with the plan.

19 (3) EXPLANATIONS REQUIRED FOR REC-  
20 OMMENDATIONS NOT ADOPTED.—If the Governor or  
21 the legislative assembly (whichever is applicable) no-  
22 tifies the Council, the President, and Congress under  
23 paragraph (1) that the government of Puerto Rico  
24 will not adopt any recommendation submitted under  
25 subsection (a) which the government of Puerto Rico

1 has authority to adopt, the Governor or the legisla-  
2 tive assembly shall include in the statement expla-  
3 nations for the rejection of the recommendations.

## 4 **TITLE III—DEBT** 5 **RESTRUCTURING**

### 6 **SEC. 301. AMENDMENT.**

7 Section 101(52) of title 11, United States Code, is  
8 amended to read as follows:

9 “(52) The term ‘State’ includes Puerto Rico  
10 and, except for the purpose of defining who may be  
11 a debtor under chapter 9 of this title, includes the  
12 District of Columbia.”.

### 13 **SEC. 302. EFFECTIVE DATE; APPLICATION OF AMENDMENT.**

14 (a) **EFFECTIVE DATE.**—Except as provided in sub-  
15 section (b), this title and the amendment made by this  
16 title shall take effect on the date of the establishment of  
17 the Puerto Rico Financial Stability Council under section  
18 101(a) of this Act.

19 (b) **APPLICATION OF AMENDMENT.**—The amendment  
20 made this title shall apply with respect to—

21 (1) cases commenced under title 11 of the  
22 United States Code on or after the date of the es-  
23 tablishment of the Puerto Rico Financial Stability  
24 Council under section 101(a) of this Act, and

1           (2) debts, claims, and liens created before, on,  
2           or after such date.

3 **SEC. 303. SEVERABILITY.**

4           If any provision of this title or the application of such  
5 provision to any person or circumstance, is found to be  
6 unconstitutional, the remainder of this title, or the appli-  
7 cation of that provision to other persons or circumstances,  
8 shall not be affected.