

“PUERTO RICO ASSISTANCE ACT OF 2015”

Taxes

- Provide a 50% cut in the employee side of the payroll tax for five years, reducing the employee share of the tax from 6.2% to 3.1%.

Public Pensions

- Study of Puerto Rico pension plans by the Joint Board for the Enrollment of Actuaries, to provide recommendations to ensure that such plans can be sustainably maintained and funded by the government of Puerto Rico for the next 20 years.
- Reporting requirements generally applicable to State and local government pension plans, including plans administered by governments of the territories, to enhance transparency of pension obligations of those governments.
- Provision of tools for State and local governments, including governments of the territories, to address underfunded and unsustainable pension promises and provide secure pensions.

Puerto Rico Financial Responsibility and Management Assistance Authority

- Establish an Assistance Authority to assist Puerto Rico attain sustainable budgets, budget plans, and a sustainable debt trajectory, while respecting the autonomy of the government of Puerto Rico.
- Financial plans and budgeting for public corporations and for the Commonwealth are formulated, reviewed, and agreed upon during an assistance period during which Puerto Rico makes its transition to financial stability and sustainability.
- The Authority possesses borrowing authority; though, consistent with the views of Congress and the Administration that there will be no “bailout,” the full faith and credit of the United States is not pledged for the payment of debt obligations issued by the Authority.
- Establish a Chief Financial Officer to become the primary financial advisor to the Governor of Puerto Rico in crafting and implementing Puerto Rico’s budget.
- The Authority helps clarify Puerto Rico’s existing obligations, in the face of current incomplete information and lack of audited financial statements from the government of Puerto Rico and public corporations of the Commonwealth.

Studies and Reports

- Given insufficient information available to Congress from Puerto Rico and Federal health agencies, a report is required on the fact that the Patient Protection and Affordable Care Act was written to exclude territories from provisions of part 2 of subtitle D of title I of that Act.
- Given insufficient information, a report, analyses, and recommendations are required on provision of more equitable healthcare treatment from the federal government to Puerto Rico.
- Given well over \$42 billion of severely underfunded pension obligations of Puerto Rico, with low asset levels backing the obligations, a report and recommendations are required on actions necessary to place pension plans on a sustainable path.

Transition Assistance

- Resources of up to \$3 billion may be committed to Puerto Rico by the Authority to assist in Puerto Rico's transition to financial stability and sustainability, given Puerto Rico's existing financial, economic, and healthcare challenges.
- The resources provided are fully offset by rescinding unobligated funds from the Prevention and Public Health Fund of the Patient Protection and Affordable Care Act and repurposing those funds to provide transition assistance and relief to the people of Puerto Rico, upon agreement of the Authority to utilize such funding.

Technical Assistance

- Given the existing opacity of the financial status of the government of Puerto Rico and its public corporation, The Puerto Rico Assistance Act provides for technical assistance to territories of the United States, including Puerto Rico, to assist in improving accounting and disclosure practices, utilizing expertise from the federal government, federal agencies, federal statistical offices, and the Federal Reserve Bank of New York.

The Puerto Rico Assistance Act of 2015 provides tax relief to workers in Puerto Rico and makes transition relief available to the Commonwealth, but does not add one penny to the federal deficit or debt.