

Puerto Rico's Post Hurricane Situation: A Perspective from D.C.

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In the aftermath of Hurricane Maria, the Federal government is coordinating efforts to restore basic services to Puerto Rico and to draft a funding relief package in the U.S. Congress.

McConnell Valdés, through its Washington, D.C. office, is working closely with the relevant Federal administrative agencies and the committees of jurisdiction in the Congress to address the needs of the people of Puerto Rico. We are working full time to achieve comprehensive and immediate Federal government assistance to the crisis that is continuing to unfold.

Here is a brief summary of the most recent developments in the Federal arena concerning Puerto Rico's disaster recovery efforts:

Emergency Funding for Hurricane Recovery

The U.S. House of Representatives just approved an emergency supplemental spending bill to provide funding for hurricane recovery in Puerto Rico and the Virgin Islands and additional funding for wildfires in western states.

The approved legislation includes:

- \$18.67 billion for FEMA's Disaster Relief Fund:
 - Of the money for the Disaster Relief Fund, there is available \$4.9 billion to the Disaster Assistance Direct Loan Program to assist local governments in providing essential services in the aftermath of Hurricanes Harvey, Irma, and Maria.
 - Such loans may be based upon the projected loss of tax revenues or on projected cash outlays for up to 180 days after the hurricanes.
 - Up to \$150 million may be used to loan Puerto Rico and the U.S. Virgin Islands that portion for which they would be responsible under the cost-sharing provisions of the major disaster declarations for Hurricanes Irma or Maria.
- \$1.27 billion for a grant to the Commonwealth of Puerto Rico for disaster nutrition assistance, which funds shall remain available until September 30,

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- \$16 billion for the federal flood insurance program
- \$577 million for wildfires

The legislation can be viewed [here](#).

Additional legislation

Congress may act on additional legislation relating to hurricane relief but not likely before the federal government funding and borrowing limit are extended, which is set to expire December 8th.

Medicaid Funding for Puerto Rico

On October 4th the House Energy and Commerce Committee marked up the HEALTHY Kids Act, which the primary purpose of the bill is to reauthorize the Children's Health Insurance Program (CHIP). The bill also authorizes \$1 billion in Medicaid funding for Puerto Rico. The bill was marked up as a discussion draft and later received the bill number H.R. 3921. The same day the Senate Finance Committee approved by voice vote a similar bill, S. 1827, however it did not include any language relating to Medicaid funding for Puerto Rico.

H.R. 3921, and any bill that reauthorizes the CHIP program (and anything else contained in the bill) must have spending offsets and must comply with budget protocols. Chairman Greg Walden (R-OR) began the markup by stating that in order for the bill to become law the spending must be offset. This is true for all legislation, the exception being emergency spending bills such as the recent disaster relief bills relating to hurricane recovery efforts. The Senate has reached an agreement on spending offsets, the House has not. While the Senate bill passed out of the Senate Finance Committee by voice vote, H.R. 3921 passed out of the House Energy and Commerce Committee along a pure party line vote with all Republicans voting for it and all Democrats voting against it.

During the markup at House Energy and Commerce, Rep. Ben Lujan (D-NM) offered an amendment to increase the amount of Medicaid funding going to Puerto Rico to \$6.5 billion. The amendment failed by a pure party line vote with all Republicans voting against it.

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Effect of Federal loans by FEMA on Title III cases

Loans made by the Federal government to the Commonwealth government or its instrumentalities that are in Title III bankruptcy proceedings could be viewed as priorities, depending upon the circumstances of each case. A general statement on the matter cannot be made because of the complexities that exist in these cases. Please contact us for a more thorough analysis.

Speaker Paul Ryan's Visit to Puerto Rico

Speaker Ryan is scheduled to make a one day visit to Puerto Rico Friday, October 13th to assess the situation first hand. He will be accompanied by House Appropriations Chairman Rodney Frelinghuysen (R-NJ), House Appropriations Ranking Member Nita Lowey (D-NY), and Republican Conference Chair Cathy McMorris Rodgers (R-WA).

Jones Act Waiver for Puerto Rico Expires

The 10-day waiver the Department of Homeland Security issued for Puerto Rico expired October 8th and will likely not be extended again administratively. Legislation to permanently exempt Puerto Rico from the Jones Act has been introduced in both the House and the Senate and has bipartisan support. However, longstanding opposition to amending the Jones Act from coastal states with large domestic shipping interests cloud the prospects of this legislation passing.

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