

PUERTO RICO PRIVATE SECTOR COALITION

PASSAGE of PROMESA from Committee

June 01, 2016

Dear Mr. Chairman:

Congratulations on your successful passage of HR 5278, PROMESA, with a healthy bi-partisan majority.

As the coalition of the thirty major employer and business organizations, the Private Sector Coalition of Puerto Rico wishes to express our support for final passage in the U.S. House of Representatives when this legislation is expected to be considered following the Memorial Day District Work Period. While the legislation is far from perfect, we believe you have made significant progress in developing workable solutions to the Government of Puerto Rico's fiscal crisis.

Both employers and workers have suffered from a lack of confidence and many decisions have been put on hold regarding new ventures or expansions by the private sector over the past year due to our local government's fiscal crisis. On top of our ten year economic recession, this crisis in confidence has caused over 500,000 U.S. Citizens residing in Puerto Rico to leave our island in search of better opportunities. In fact, over 100,000 left just this past year and we anticipate another wave of outward migration once the school year finishes in just a few short weeks.

Clearly, prompt passage by the House of Representatives of the PROMESA legislation is vital to restoring a level of confidence needed to give business and families a level of confidence in the future and provide them the comfort to move forward on their plans to continue to be part of the fabric of our special community in Puerto Rico.

We also note that this past week's markup in Committee improved the legislation by adding additional components focusing on the need for more economic growth required to create new jobs and generate more local tax revenues to support basic government services and paying off the government's significant debt burden. This is critical and builds on the example shown by Congress in the 1990's when it created the special District of Columbia Enterprise Zone as a key component of revitalizing the District's economy and attracting new investment.

The creation of the Bicameral Congressional Task Force is an important step and we look forward to working with you to identify and enact positive initiatives designed to encourage new investment and revitalize our manufacturing sector which serves as the heart of our economy. We are also pleased that your Committee included a September 15, 2016, deadline for this Task Force to recommend initiatives needed to address "urgent" issues that must be addressed by Congress prior to Congress' adjournment at the end of 2016.

The Resources Committee took another critical step when it adopted an amendment to ensure that the Task Force considers the circumstances facing our vital health care sector which is under great stress due to the government's fiscal crisis and disparate treatment under both the Medicaid and Medicare programs. These circumstances have resulted in the loss over 500 doctors plus additional health professionals and specialists who have lost confidence in Puerto Rico's future. Without the availability of quality health care, it will be very difficult to retain and recruit skilled workers and their families to live in Puerto Rico.

We must remember that Puerto Rico's economy has been driven by Federal policies since the 1920's and when these policies were ended by Congress in 1996 our economy quickly deteriorated resulting in a 15%

contraction over the past ten years. This weakening of our economy resulted in the loss of over 350,000 manufacturing jobs alone and continued with the evaporation of over \$60 Billion in private wealth. Urgent action is needed to jumpstart our economy and passage of PROMESA is only the first step towards this important goal.

Again, Mr. Chairman, we reinforce our commitment to work in collaboration with you as well as other key leaders in the Congress to enact PROMESA into law and address the need to include the positive economic growth initiatives need to revitalize the economy of America's largest Territory and home to 3.46 million proud U.S. Citizens.