

United States Senate

WASHINGTON, DC 20510

January 17, 2018

The Honorable Mitch McConnell
Senate Majority Leader
United States Capitol
Washington, D.C. 20510

The Honorable Charles E. Schumer
Senate Minority Leader
United States Capitol
Washington, D.C. 20510

The Honorable Thad Cochran
Chairman
United States Senate Committee on
Appropriations
Washington D.C. 20510

The Honorable Patrick Leahy
Vice Chairman
United States Senate Committee on
Appropriations
Washington D.C. 20510

Dear Leaders McConnell and Schumer, Chairman Cochran, and Vice Chairman Leahy,

As you begin consideration of a supplemental appropriations bill to provide relief for the victims of Hurricanes Harvey, Irma, and Maria in Texas, Florida, Puerto Rico and the U.S. Virgin Islands and the wildfires in California, we respectfully request that any effort by the Senate address the deficiencies in H.R. 4667, the House-passed supplemental appropriations bill. While providing additional resources beyond the Administration's request, H.R. 4667 should do more to promote relief efforts in Puerto Rico and the Virgin Islands. As such, we urge you to include adequate and long-term Medicaid funding for Puerto Rico, ensure the disbursement of disaster funding to Puerto Rico is not delayed by actions of the Fiscal Oversight Board, rectify problems with the administration and oversight of Community Disaster Loans, and provide tax relief to residents of the island.

Medicaid

Even before Hurricanes Maria and Irma devastated Puerto Rico, the island's health care system was in dire straits, crippled by a decade-long recession and inadequate, inconsistent Medicaid funding from the federal government. Unfortunately, the House-passed supplemental does nothing to address Medicaid disparities suffered by the Island. The road for true disaster recovery must include eliminating federal Medicaid caps imposed on the territories and an increased full federal match. Current Medicaid funding for Puerto Rico will dry up in the upcoming months. This threatens to leave thousands of American citizens in Puerto Rico without proper health care and a health care system on the brink of failure. Continued destabilization of the island's health care system will only increase the number of individuals leaving Puerto Rico for the mainland which in turn will further exacerbate the instability of Puerto Rico's economy. Without relief for Puerto Rico Medicaid, any disaster relief package will fail to truly serve the victims of Hurricanes Maria and Irma.

Disaster relief funding

Second, H.R. 4667 imposes unnecessary bureaucratic hurdles bound to delay the provision of critical relief to the American citizens living in Puerto Rico. As currently drafted, the bill requires the Fiscal Oversight Board to review and approve any disaster recovery project valued

over \$10 million. The Fiscal Oversight Board created under PROMESA, however, was put in place to oversee the island's debt restructuring process and ensure that Puerto Rico could eventually return to the capital markets. Congress did not contemplate or intend to empower the Fiscal Oversight Board to dictate the provision and allocation of future disaster relief funding. An unelected, unsupervised Board with no disaster relief experience and whose members do not reside in Puerto Rico, should not be authorized to make determinations regarding how to prioritize emergency funding measures impacting the provision of medical care, how to ensure residents have the resources to rebuild their homes and businesses, and how to repair the island's failing infrastructure. Additionally, given the current liquidity crisis in Puerto Rico and the economic hardships caused by the hurricane, the supplemental should waive any required federal cost-share for the island. Demanding that Puerto Rico contribute money it does not have could further delay the necessary aid from reaching affected citizens.

Community Disaster Loans

Third, any funding provided to the territories through the Community Disaster Loans (CDL) program should not be subject to oversight and discretion of the Secretaries of Treasury and Homeland Security. When Congress enacted the second disaster supplemental in October, it included this unprecedented discriminatory scrutiny for loans provided to the territories, a policy that has served only to delay funding that should have already reached the island. Puerto Rico's economic troubles have been discussed in Congress and elsewhere at great length. Its people cannot afford to be overburdened with additional debt they have no chance of repaying. Should the territories request disaster loans, these should be issued as they would to any other state under section 417 of the Stafford Act.

Equal tax treatment

Fourth, the Republican tax bill subjects American companies in Puerto Rico to a more rigorous tax regime, which could further erode Puerto Rico's tax base and lead to exacerbated unemployment on the island. Although H.R. 4667 provides a modest tax incentive by creating Qualified Opportunity Zones, it does not create equal incentives for Puerto Ricans to remain on the island. Instead, it's critical that we extend the Child Tax Credit (CTC) and the Earned Income Tax Credits (EITC) and provide necessary tax relief directly to the American citizens living in Puerto Rico who would otherwise get it on the mainland.

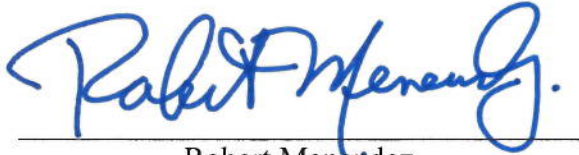
CDBG-DR

Fifth, H.R. 4667 fails to provide adequate funding for the CDBG-DR program. The House bill would appropriate \$13.6 billion for unmet needs in the states and territories affected by major disasters last year, yet this is not enough to cover the full scope of unmet needs after multiple disasters in 2017. Failing to provide adequate funding CDBG-DR will force states and territories to compete for limited resources and further delay the already slow housing recovery.

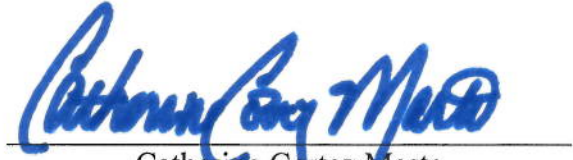
We commend House appropriators by keeping their promise to the territories and waiving Stafford Act constraints to rebuild systems and facilities to pre-disaster conditions and helping Puerto Rico and the Virgin Islands rebuild to 21st Century standards. Unfortunately this common sense fix does not go far enough to stymie the social and economic bleeding that Puerto Rico is experiencing more than four months after the storm. We hope that you will push for a stronger

disaster supplemental and provide the people of Puerto Rico and the Virgin Islands with the necessary tools for true disaster relief.

Sincerely,



Robert Menendez



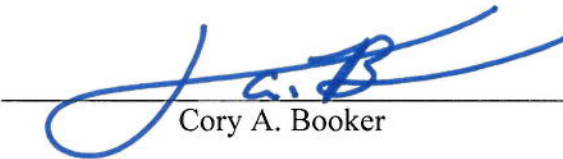
Catherine Cortez Masto



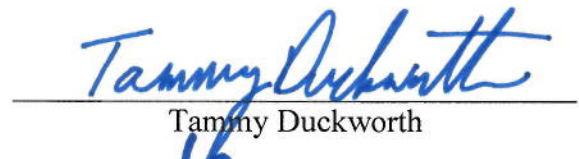
Bill Nelson



Kirsten Gillibrand



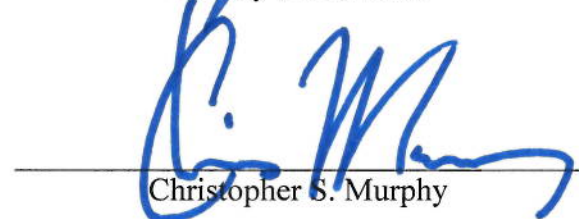
Cory A. Booker



Tammy Duckworth



Edward J. Markey



Christopher S. Murphy