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Congress of the United States
House of Representatives
Washington, DC 20515-5401

August 5, 2011

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I strongly support the various measures you unveiled today to spur companies to hire unemployed veterans. Most of these initiatives require federal legislation, and I respectfully ask that your Administration work with me to ensure that the benefits of any such legislation are fully extended to veterans in Puerto Rico and the other U.S. territories. As with the Making Work Pay tax credit and the American Opportunity tax credit—which were established in the 2009 American Recovery and Reinvestment Act and, through our collaboration, extended to my constituents—application to Puerto Rico of the credits proposed today will require a “cover-over” mechanism. Under this mechanism, the implementing legislation would authorize the Puerto Rico government to offer the credits to firms through its local tax system and would direct the U.S. Treasury to reimburse the Island Treasury for the lost revenue.

I share your belief that, as a nation, we have an obligation to help our veterans find rewarding employment in the civilian workforce. The unemployment rate among veterans, particularly among those who served in Afghanistan and Iraq, is too high. You have proposed several sensible measures to mitigate this problem. The Returning Heroes tax credit, a new initiative, would provide companies that hire unemployed veterans with a tax credit of up to \$2,400 if the veteran has been jobless for at least four weeks, and up to \$4,800 if the veteran has been out of work for at least six months. The Wounded Warrior tax credit would continue the existing Work Opportunity Tax Credit (WOTC) of up to \$4,800 for firms that hire veterans with a service-connected disability, and would double the maximum WOTC credit—to \$9,600 per veteran—for companies that hire veterans with service-connected disabilities who have been unemployed for over six months. I support this approach, but in order for the WOTC-based Wounded Warrior tax credit to have its intended effect in Puerto Rico, it must be implemented through a cover-over arrangement.

In addition to proposing the creation or expansion of the aforementioned tax credits, you have issued a challenge to the private sector to hire or train 100,000 unemployed veterans or their spouses by the end of 2013. A number of prominent companies, some of whom have a presence

in Puerto Rico, have already pledged to increase their efforts in this regard. I commend you for this initiative and those firms for their participation.

I look forward to working with you and my colleagues in Congress to enact legislation to implement the Returning Heroes and Wounded Warrior tax credits, and to ensure that the many brave men and women from Puerto Rico who served our nation in uniform will be able to benefit from this legislation. If the Administration will be transmitting legislation to implement your proposals, I respectfully ask that your legislation fully and fairly include Puerto Rico veterans.

Sincerely,



Pedro R. Pierluisi
Member of Congress

cc: The Honorable Cecilia Muñoz, Co-chair, The President's Task Force on Puerto Rico's Status
The Honorable Tom Perrelli, Co-chair, The President's Task Force on Puerto Rico's Status