

AN OVERVIEW OF PROMESA'S MAJOR PROVISIONS & KEY REFINEMENTS

ENFORCEMENT OF FISCAL PLANS:

PROMESA's Fiscal Plans are the cornerstone of the Act. They are the chief enforcement tool for the Oversight Board to ensure accountability in the territory and its institutions. The Oversight Board has exclusive control to ensure the Fiscal Plans are enacted and enforced, and that all necessary reforms are undertaken so the Island **ATTAINS FISCAL SOLVENCY** and **REGAINS ACCESS TO CAPITAL MARKETS**.

OVERSIGHT BOARD ENFORCEMENT:

GOVERNMENT REFORMS:

The Oversight Board has the authority to enforce balanced budgets and government reform if the territory fails to do so. The new PROMESA includes provisions to bolster these authorities including:



- The authority to bring about solvency and transparency in government operations.
- The reaffirmation that PROMESA holds supremacy over any territorial law or regulation that is inconsistent with the Act or Fiscal Plans.

FINANCIAL STATEMENTS:

The Oversight Board has the authority to seek audited financial statements from the government of Puerto Rico at all levels. PROMESA includes refinements to improve these authorities including:



- The authority to conduct hearings, request information from the territory and issue subpoenas.
- The imposition of criminal penalties for knowingly providing false and misleading information, or refusing or failing to take any action ordered by the Board.

ECONOMIC GROWTH:

The Oversight Board has the authority to enforce actions to promote financial stability and economic growth including:



- The authority to prevent the execution of legislative acts, executive orders, regulations, rules and contracts that undercut economic growth initiatives or violate the Act.
- The requirement that the territory score their legislation to estimate costs – an activity not currently performed by the government.

PROTECTING PROPERTY RIGHTS & LAWFUL PRIORITIES:

The new PROMESA includes additional language and provisions to further clarify the relative lawful priorities and lawful liens as provided for in the Puerto Rican Constitution and other laws, and to promote voluntary negotiations and further protect property rights.

- Any adjustment of debts must "respect the relative lawful priorities or lawful liens, as may be applicable, in the constitution, other laws, or agreements of a covered territory... in effect prior to the date of enactment of this Act" and must be "in the best interest of the creditors."
- Provisions to reiterate the promotion of voluntary restructuring agreements and explicitly honor voluntary agreements that are already in place.
- New language to prohibit inter-debtor transfers, thereby disallowing the Governor from executing any budgetary adjustment between the enactment of this Act and the appointment of the Oversight Board.
- PROMESA creates a firewall between the constitutionally protected creditor hierarchy and pensions in the development of Fiscal Plans.

ECONOMIC GROWTH AND...



INFRASTRUCTURE:

PROMESA provides for accelerated processes for the review and permitting of infrastructure projects designated as "Critical Projects." In the new PROMESA, additional language has been added to allow Puerto Rican residents to submit comments on energy infrastructure projects.

MINIMUM WAGE:

PROMESA grants the Governor the authority to designate a time period no greater than four years during which employers may pay employees who are initially employed after the date of enactment of PROMESA a wage that is less than the national minimum wage. The provision will raise the maximum age of applicability from 20 to 25.



PUERTO RICO GROWTH TASKFORCE:



The new PROMESA establishes a bipartisan, bicameral Congressional Task Force to provide a report no later than December 31, 2016 regarding impediments in current Federal law and programs to economic growth in Puerto Rico, recommended changes to Federal law and programs that would spur sustainable, long-term growth, and additional information as deemed necessary.

SMALL BUSINESS:

The new PROMESA requires the Government Accountability Office to conduct a report on the application and utilization of contracting activities of the Small Business Administration related to the HUB Zone program.



LABOR REFORM:

PROMESA prevents the U.S. Department of Labor's proposed 113% increase in the individual salary threshold to qualify as exempt from federal overtime pay requirements from impacting Puerto Rico.

