



September 29, 2015

The Honorable Orrin Hatch
Chairman of the Senate Committee on Finance
104 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Charles Grassley
Chairman of the Senate Committee on the Judiciary
135 Hart Senate Office Building
Washington, D.C. 20510

Senators Hatch and Grassley,

On behalf of the undersigned organizations, we urge you to **reject** any legislation that grants Puerto Rico “Super Chapter 9” status. “Super Chapter 9” would give Governor Alejandro Garcia Padilla a free pass to violate Puerto Rico’s constitution, but would do nothing to bring about meaningful fiscal reform.

Puerto Rico remains plagued by poor governance, overspending and corruption, as well as poor fiscal policy along with a refusal to balance the budget and curtail outrageous public sector spending. As a result, Puerto Rico is now billions in debt. Were it a state, it would rank among America’s most indebted, behind only California and New York, despite boasting just a fraction of those states’ populations.

Faced with this reality, Governor Garcia Padilla is asking Congress to grant Puerto Rico “Super Chapter 9,” which would allow him to violate Puerto Rico’s constitution by refusing to pay constitutionally-protected general obligation debt holders in addition to restructuring the Island’s other debts.

That constitutes an unprecedented effort by Governor Alejandro Garcia Padilla to violate Puerto Rico’s constitution, and violate the rights of Americans on the Mainland and in Puerto Rico who

have invested savings – including lifetime and retirement savings for many – in Puerto Rican bonds.

What’s worse, if Puerto Rico is granted “Super Chapter 9,” its enactment will serve as a roadmap for indebted states throughout the country who yearn for the “quick fix” allowing them to forgo their duty to pay constitutionally-backed bondholders.

It is our hope that Congress will instead take the lead on this tough issue by urging the Garcia Padilla Administration to implement real fiscal reform and uphold the constitution before any consideration of restructuring the non-constitutional debt. If necessary, Congress has the legal authority to consider measures such as a federal control board to oversee financial reform. When, and only when, reform is enacted, Congress can then consider a process that encourages an orderly restructuring of Puerto Rico’s debts that respects the constitutionally-protected bonds and the rule of law.

By taking positive steps to promote sustainable fiscal policy and good governance, Congress can ensure that Puerto Rico’s 3.5 million American citizens enjoy a brighter future, while also preserving the Island’s credibility in the markets and respecting the rights of all Puerto Rico bondholders. We therefore urge you to reject “Super Chapter 9” and Governor Alejandro Garcia Padilla’s plan to violate the Puerto Rican constitution, and instead demand meaningful fiscal and governance reforms.

Sincerely,

Jeffrey Mazzella, President
Center for Individual Freedom

George Landrith, President
Frontiers of Freedom

Mario Lopez, President
Hispanic Leadership Fund

Andrew Langer, President
Institute for Liberty

Pete Sepp, President
National Taxpayers Union

David Williams, President
Taxpayers Protection Alliance