## Congress of the United States Washington, DC 20515

March 8, 2018

The Honorable Steven T. Mnuchin Secretary of the Treasury 1500 Pennsylvania Avenue, NW Washington, D.C. 20220

## Dear Secretary Mnuchin:

As you negotiate the terms of the Community Disaster Loan (CDL) with the government of Puerto Rico, we request that you act to help Puerto Rico and any other state or territory in a similarly desperate fiscal condition obtain the necessary funds to provide essential services. We are concerned by reports of reduced loan amounts and repayment requirements, and believe you must ensure that your proposed terms and conditions help—instead of hurt—Puerto Rico. In particular, we urge you to take action on several provisions of the loan that will help Puerto Rico have the necessary funds to prevent any interruption of public services such as electricity, water, education, and security.

The Governor of Puerto Rico has informed us that the Treasury Department has delayed the Community Disaster Loan process for more than four months. This unnecessary and unreasonable delay has forced the government of Puerto Rico to rely on its own limited funds to provide an emergency loan to the Puerto Rico Electric Power Authority (PREPA). This loan would allow PREPA to continue its operations and avoid power outages to the residents of the island. Since PREPA's cash reserves—which are used to pay employees and purchase fuel for electricity production—are extremely low, human lives are at risk.

It is also extremely disturbing to find out that the will of the Congress enacted into law in providing approximately \$4.7 billion to Puerto Rico is being ignored. It is incomprehensible why the Department reduced the amount of the loan from \$4.7 billion to just \$2.06 billion. At a time when people on the island are hurting, it is unconscionable to not provide maximum relief to American citizens at the hour of their greatest need. Unfortunately, the Treasury Department seems more concerned with repayment of the loan than in providing emergency liquidity relief to an island battered by two hurricanes and 11 years of recession. The Additional Supplemental Appropriations for Disaster Relief Requirements Act (P.L. 115-72), gives the Secretary of Homeland Security—in consultation with the Secretary of the Treasury—the power to determine the terms, conditions, eligible uses, and timing and amount of the loans, but it also provides that such loans may be cancelled in whole or in part at the discretion of the Secretary of Homeland Security in consultation with the Secretary of the Treasury. In adding the latter provision, Congress recognized the possibility of debt forgiveness in case the territory is unable to repay the loan, and in fact, this is what the federal government has done in most previous instances with community disaster loans.

Unfortunately, Puerto Rico remains in deep fiscal distress. The Department of the Treasury should—instead of acting like a bank or hedge fund in the quest for profit—offer a helping hand by offering generous terms on the loan in order to incentivize a quick recovery on the island. To

this date, more than six months after Hurricanes Irma and Maria struck the island almost 20 percent of the people of Puerto Rico have no power. More than 300,000 people have left the island and many more will do so unless the federal government does more to provide relief. Fully funding a loan at \$4.7 billion will help the Puerto Rican government and its 78 municipalities provide basic services for its residents and prevent a mass exodus. Absent such a request, it seems likely that the Puerto Rican government will simply not have the necessary funds to operate at full capacity.

It is time for the Treasury Department to act in good faith and help the people of Puerto Rico. We expect this situation to be resolved in a prompt manner and appreciate your cooperation.

Sincerely,

é E. Serrano Member of Congress

Richard Blumenthal

**United States Senator** 

United State Senator

Darren Soto Member of Congress

Luis V. Gutiérrez Member of Congress

Richard E. Neal Member of Congress Elizabeth Warren United States Senator

Kirsten Gillibrand **United States Senator** 

Gillibrand

Nydia M. Velazquez Member of Congress

Member of Congre

Raul Grijalva

Member of Congress

Frank Pallone, Jr.

Member of Congres

Stephanie Murphy

Member of Congress

Grace Meng

Member of Congres

Pramila Jayapal

Member of Congress

Sean Patrick Maloney Member of Congress

Robert A. Brady Member of Congress

Carol Shea-Porter Member of Congress

Member of Congress

**Donald Norcross** Member of Congress

Adriano Espaillat Member of Congress

**Eleanor Holmes Norton** Member of Congress

Jan Schakowsky Member of Congress

Alcee L. Hastings Member of Congress

Andre Carson Member of Congress

Keith Ellison

Member of Congress

Niki Tsongas

Member of Congress

Henry C. "Hank" Johnson, Jr.

Member of Congress

Frederica SCOLSON Frederica S. Wilson Member of Congress

Marcy Kaptur
Member of Congress

Juan Vargas Member of Congress

Charlie Crist
Member of Congress

Carolyn B. Maloney Member of Congress

Vames P. McGovern Member of Congress

Brendan F. Boyle Member of Congress

Gregorio Kilili Camacho Sablan Member of Congress

under J. Boyle

Kathleen M. Rice Member of Congress

Debbie Wasserman Schultz Member of Congress

Norma Torres
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Peter J. Visclosky
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Eliot L. Engel
Member of Congress

Bill Pascrell, Jr.
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Anthony Brown Member of Congress

Wen Moore Member of Congress	Seth Moulton Member of Congress
John Lewis Member of Congress	Jerry McNerney Member of Congress
Danny K. Davis Member of Congress  Wm. Lacy Clay Member of Congress	John B. Larson Member of Congress  Steplen F. Lynch Member of Congress
Mark DeSaulnier Member of Congress	Bonnie Watson Coleman Member of Congress
Rosa L. DeLauro Member of Congress  Emanuel Cleaver, II	Barbara Lee Member of Congress  John Garamendi

Member of Congress