



# Washington Update



## PUERTO RICO BANKRUPTCY BILL INTRODUCED IN SENATE

Sens. Chuck Schumer (D-NY) and Richard Blumenthal (D-CT) have introduced a bill that would allow Puerto Rico municipalities and public corporations to seek protection under Chapter 9 bankruptcy. The yet unnumbered bill, entitled The Puerto Rico Chapter 9 Uniformity Act, will provide Puerto Rico with the same authority granted to all U.S. states that enables its municipalities and public utilities to restructure their debt under the supervision of a bankruptcy court.

Puerto Rico's lone House representative, Pedro Pierluisi, said in a statement, "The bill introduced in the Senate today seeks state-like treatment for Puerto Rico under Chapter 9 of the federal Bankruptcy Code, nothing more and nothing less."

Sen. Schumer stated:

"We can either do the right thing and give Puerto Rico the bankruptcy option it needs and deserves, or we can risk a disaster on the island and billions in bailout payments later. Allowing Puerto Rico's municipalities to go through the bankruptcy process, just like other American municipalities, is the right way to begin untangling the fiscal mess on the island, and I hope both parties will come together to get this done."

The commonwealth of Puerto Rico and its agencies currently hold roughly \$73 billion in debt. Companion legislation is in the House, H.R. 870.

## WHITE HOUSE PROMOTES STATE-RUN RETIREMENT SAVING OPPORTUNITIES

At the 2015 White House Conference on Aging last week, President Obama reiterated his call for states to step in and fill the void for those citizens who don't have access to a workplace retirement plan. During a session entitled "Facilitating State Efforts to Provide Workplace-based Retirement Saving Opportunities," it was pointed out that states remain concerned about a lack of clarity regarding preemption by the federal pension law called the Employee Retirement Income Security Act of 1974 (ERISA). In his speech to conference attendees, President Obama noted:

"So far, a handful of states have passed laws to create new ways for people without a workplace plan to save for retirement. And more than 20 states are thinking about doing the same. We want to do everything we



can to encourage more states to take this step. So I've called on the Department of Labor and Tom Perez to propose a set of rules by the end of the year to provide a clear path forward for states to create retirement savings programs. And if every state did this, tens of millions more Americans could save for retirement at work."

Illinois and Oregon have already signed Secure Choice bills into law. Secure Choice bills would set up retirement plans for workers who don't have retirement saving options through their employers.

## SNAP EXAMINERS: LET THE STATES SHARE IN BUDGET SAVINGS

Last Wednesday, the House Agriculture's Nutrition Subcommittee held a hearing on the "Past, Present, and Future of SNAP: Developing and Using Evidence-Based Solutions." The Supplemental Nutrition Assistance Program (SNAP) is the largest program in the domestic hunger safety net, where states work with federal agencies to improve program administration and ensure program integrity. In a detailed assessment of the SNAP program, Jon Baron, vice-president of evidence-based policy at the Laura and John Arnold Foundation, found that real savings can be found if states are allowed to share in the benefits:

"States received approximately \$290 million in federal funds to provide employment and training services, and many states contribute their own funds to supplement the federal funding. Yet, states currently have little incentive to use these funds to develop

innovative new strategies and rigorously evaluate them, because any budget savings from strategies demonstrated successful in increasing participants' employment and earnings, and reducing their use of SNAP, would accrue only to the federal government (in the form of reduced SNAP expenditures)... we suggest that states be allowed to share in any budget savings resulting from an employment/training strategy rigorously shown to be effective in reducing SNAP use."

He concluded that a robust federal effort to stimulate state-level innovation and rigorous evaluation in employment/training of SNAP participants can succeed in identifying strategies that produce important gains in employment and earnings, and net savings to the taxpayer.

Testimony from all the panelists and the hearing video can be found at <http://agriculture.house.gov/hearing/nutrition-subcommittee%E2%80%94public-hearing-past-present-and-future-snap-developing-and-using>.

## THE WEEK AHEAD: TAX EXTENDERS

The Senate Finance Committee will hold an open executive session to consider an original bill to extend certain expired tax provisions. The tax extenders, as they are known, feature many facets of individual and business provisions, including the individual extension of the deduction for state and local sales taxes and the business extension of special expensing rules for certain film and television productions.

- [www.finance.senate.gov/hearings/hearing/?id=19ebd115-5056-a055-6476-dfa0734f0773](http://www.finance.senate.gov/hearings/hearing/?id=19ebd115-5056-a055-6476-dfa0734f0773)

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