

(10) Fiscal Plan

The term “Fiscal Plan” means a Territory Fiscal Plan or an Instrumentality Fiscal Plan, as applicable.

(11) Government of Puerto Rico

The term “Government of Puerto Rico” means the Commonwealth of Puerto Rico, including all its territorial instrumentalities.

(12) Governor

The term “Governor” means the chief executive of a covered territory.

(13) Instrumentality Budget

The term “Instrumentality Budget” means a budget for a covered territorial instrumentality, designated by the Oversight Board in accordance with section 2121 of this title, submitted, approved, and certified in accordance with section 2142 of this title.

(14) Instrumentality Fiscal Plan

The term “Instrumentality Fiscal Plan” means a fiscal plan for a covered territorial instrumentality, designated by the Oversight Board in accordance with section 2121 of this title, submitted, approved, and certified in accordance with section 2141 of this title.

(15) Legislature

The term “Legislature” means the legislative body responsible for enacting the laws of a covered territory.

(16) Modified accrual accounting standards

The term “modified accrual accounting standards” means recognizing revenues as they become available and measurable and recognizing expenditures when liabilities are incurred, in each case as defined by the Governmental Accounting Standards Board, in accordance with generally accepted accounting principles.

(17) Oversight Board

The term “Oversight Board” means a Financial Oversight and Management Board established in accordance with section 2121 of this title.

(18) Territorial government

The term “territorial government” means the government of a covered territory, including all covered territorial instrumentalities.

(19) Territorial instrumentality**(A) In general**

The term “territorial instrumentality” means any political subdivision, public agency, instrumentality—including any instrumentality that is also a bank—or public corporation of a territory, and this term should be broadly construed to effectuate the purposes of this chapter.

(B) Exclusion

The term “territorial instrumentality” does not include an Oversight Board.

(20) Territory

The term “territory” means—

- (A) Puerto Rico;
- (B) Guam;

(C) American Samoa;

(D) the Commonwealth of the Northern Mariana Islands; or

(E) the United States Virgin Islands.

(21) Territory Budget

The term “Territory Budget” means a budget for a territorial government submitted, approved, and certified in accordance with section 2142 of this title.

(22) Territory Fiscal Plan

The term “Territory Fiscal Plan” means a fiscal plan for a territorial government submitted, approved, and certified in accordance with section 2141 of this title.

(Pub. L. 114-187, § 5, June 30, 2016, 130 Stat. 551.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 114-187, June 30, 2016, 130 Stat. 549, known as the Puerto Rico Oversight, Management, and Economic Stability Act and also as PROMESA, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2101 of this title and Tables.

§ 2105. Placement

The Law Revision Counsel is directed to place this Act as chapter 20 of title 48.

(Pub. L. 114-187, § 6, June 30, 2016, 130 Stat. 553.)

Editorial Notes

REFERENCES IN TEXT

This Act, referred to in text, is Pub. L. 114-187, June 30, 2016, 130 Stat. 549, known as the Puerto Rico Oversight, Management, and Economic Stability Act and also as PROMESA, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2101 of this title and Tables.

§ 2106. Compliance with Federal laws

Except as otherwise provided in this chapter, nothing in this chapter shall be construed as impairing or in any manner relieving a territorial government, or any territorial instrumentality thereof, from compliance with Federal laws or requirements or territorial laws and requirements implementing a federally authorized or federally delegated program protecting the health, safety, and environment of persons in such territory.

(Pub. L. 114-187, § 7, June 30, 2016, 130 Stat. 553.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 114-187, June 30, 2016, 130 Stat. 549, known as the Puerto Rico Oversight, Management, and Economic Stability Act and also as PROMESA, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2101 of this title and Tables.

SUBCHAPTER I—ESTABLISHMENT AND ORGANIZATION OF OVERSIGHT BOARD

§ 2121. Financial Oversight and Management Board

(a) Purpose

The purpose of the Oversight Board is to provide a method for a covered territory to achieve fiscal responsibility and access to the capital markets.

(b) Establishment

(1) Puerto Rico

A Financial Oversight and Management Board is hereby established for Puerto Rico.

(2) Constitutional basis

The Congress enacts this chapter pursuant to article IV, section 3 of the Constitution of the United States, which provides Congress the power to dispose of and make all needful rules and regulations for territories.

(c) Treatment

An Oversight Board established under this section—

(1) shall be created as an entity within the territorial government for which it is established in accordance with this subchapter; and

(2) shall not be considered to be a department, agency, establishment, or instrumentality of the Federal Government.

(d) Oversight of territorial instrumentalities

(1) Designation

(A) In general

An Oversight Board, in its sole discretion at such time as the Oversight Board determines to be appropriate, may designate any territorial instrumentality as a covered territorial instrumentality that is subject to the requirements of this chapter.

(B) Budgets and reports

The Oversight Board may require, in its sole discretion, the Governor to submit to the Oversight Board such budgets and monthly or quarterly reports regarding a covered territorial instrumentality as the Oversight Board determines to be necessary and may designate any covered territorial instrumentality to be included in the Territory Budget; except that the Oversight Board may not designate a covered territorial instrumentality to be included in the Territory Budget if applicable territory law does not require legislative approval of such covered territorial instrumentality's budget.

(C) Separate Instrumentality Budgets and reports

The Oversight Board in its sole discretion may or, if it requires a budget from a covered territorial instrumentality whose budget does not require legislative approval under applicable territory law, shall designate a covered territorial instrumentality to be the subject of an Instrumentality Budget separate from the applicable Territory Budget and require that the Governor develop such an Instrumentality Budget.

(D) Inclusion in Territory Fiscal Plan

The Oversight Board may require, in its sole discretion, the Governor to include a covered territorial instrumentality in the applicable Territory Fiscal Plan. Any covered territorial instrumentality submitting a separate Instrumentality Fiscal Plan must also submit a separate Instrumentality Budget.

(E) Separate Instrumentality Fiscal Plans

The Oversight Board may designate, in its sole discretion, a covered territorial instrumentality to be the subject of an Instrumentality Fiscal Plan separate from the applicable Territory Fiscal Plan and require that the Governor develop such an Instrumentality Fiscal Plan. Any covered territorial instrumentality submitting a separate Instrumentality Fiscal Plan shall also submit a separate Instrumentality Budget.

(2) Exclusion

(A) In general

An Oversight Board, in its sole discretion, at such time as the Oversight Board determines to be appropriate, may exclude any territorial instrumentality from the requirements of this chapter.

(B) Treatment

A territorial instrumentality excluded pursuant to this paragraph shall not be considered to be a covered territorial instrumentality.

(e) Membership

(1) In general

(A) The Oversight Board shall consist of seven members appointed by the President who meet the qualifications described in subsection (f) and section 2129(a) of this title.

(B) The Board shall be comprised of one Category A member, one Category B member, two Category C members, one Category D member, one Category E member, and one Category F member.

(2) Appointed members

(A) The President shall appoint the individual members of the Oversight Board, of which—

(i) the Category A member should be selected from a list of individuals submitted by the Speaker of the House of Representatives;

(ii) the Category B member should be selected from a separate, non-overlapping list of individuals submitted by the Speaker of the House of Representatives;

(iii) the Category C members should be selected from a list submitted by the Majority Leader of the Senate;

(iv) the Category D member should be selected from a list submitted by the Minority Leader of the House of Representatives;

(v) the Category E member should be selected from a list submitted by the Minority Leader of the Senate; and

(vi) the Category F member may be selected in the President's sole discretion.

(B) After the President's selection of the Category F Board member, for purposes of