EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 5, 2020
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5687 –Emergency Supplemental Appropriations for Disaster Relief and Puerto Rico Disaster Tax Relief Act, 2020
(Rep. Lowey, D-NY)

The Administration strongly opposes H.R. 5687, which would make emergency supplemental appropriations for the fiscal year ending September 30, 2020. Division A of the bill provides an additional $4.7 billion in disaster relief designed for Puerto Rico, which is already projected to receive $90 billion in disaster funds. Division B would make permanent changes to the Nation's tax code and provide more than $15 billion in Federal subsidies that are unrelated to immediate disaster relief and recovery. Further, the House is rushing this bill through its process—and seeking to push taxpayer dollars out the door—even before the Federal Emergency Management Agency (FEMA) has completed its review of the damage caused by earthquakes that have recently affected the island.

The Administration has taken unprecedented steps to help the people of Puerto Rico after recent disasters. FEMA's response to Hurricane Maria was historic in scope, including the longest sustained air support mission in United States history, which provided food and water to the island, the largest disaster commodity distribution mission in United States history, and the largest sea-bridge operation of Federal disaster aid in United States history. In addition, President Trump approved funding for 100 percent of Puerto Rico's emergency work cost-share for nearly a year, the third longest period of time ever granted by a President. For Hurricane Maria alone, FEMA has completed more than 110,000 repairs of individual homes, approved $3.5 billion in assistance to individuals, and granted $6.1 billion in public assistance. The Department of Housing and Urban Development has released $9.7 billion in Community Development Block Grant Disaster Recovery funding. Of this total, $1.5 billion has been obligated, but Puerto Rico has spent only $11 million.

To date, the Federal Government has allocated a total of $44 billion across 14 agencies to disasters in Puerto Rico, and of those funds, $22 billion has been obligated. Of the amount obligated, $8 billion remains unspent. In total, the overall spending on these disasters in Puerto Rico is projected to be at least $90 billion.

FEMA has similarly acted swiftly to respond to the earthquakes that began in December 2019. On January 16, 2020, the President issued a major disaster declaration, making available public and individual assistance to address damage on the island. To date, FEMA has provided $54 million for earthquake response efforts. The current balance in FEMA's Disaster Relief Fund is $43 billion, demonstrating the presence of substantial available resources. In addition, FEMA has provided more than $1.4 million in direct financial assistance to individuals and families in Puerto Rico to help them recover from the recent earthquakes. The Department of Transportation has also provided another $5 million in quick-release Emergency Relief highway funds to meet immediate infrastructure recovery needs

During the initial earthquake response, at the request of the Government of Puerto Rico, FEMA provided nearly 1.1 million liters of water, 5,000 cots, and nearly 163,000 meals to fulfill commodity requests from the affected municipalities and to help survivors recover. FEMA also provided 20 tanker trucks to transport water, also at the request of the Commonwealth.

However, neither Puerto Ricans nor the American taxpayers benefit when emergency aid is misallocated, lost, or stolen through waste, fraud, and abuse. Puerto Rico has a long history of inadequate financial controls over regular government operations, which forced the Congress to appoint a financial control board in 2016. Multiple high-profile cases of corruption have marred distribution of aid already appropriated and have led to ongoing political instability on the island.

This misguided bill would add $4.7 billion on top of all of the billions already allocated to Puerto Rico, and its restrictive provisions would prevent the Administration from ensuring these funds are well-spent. Additionally, the creation of in excess of $15 billion in new Federal subsidies through the tax code would add billions of dollars to the deficit and undermine efforts to put the Commonwealth on a path to sustained economic growth and fiscal self-sufficiency.

<u>If H.R. 5687 were presented to the President in its current form, his advisors would recommend that he veto it</u>.

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