

102D CONGRESS
1ST SESSION

S. 244

To provide for a referendum on the political status of Puerto Rico.

IN THE SENATE OF THE UNITED STATES

JANUARY 23 (legislative day, JANUARY 3), 1991

Mr. JOHNSTON (for himself, Mr. WALLOP, and Mr. SIMON) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To provide for a referendum on the political status of Puerto Rico.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That—

4 (1) the United States of America recognizes the
5 principle of self-determination and other applicable
6 principles of international law with respect to Puerto
7 Rico; and

8 (2) the United States is committed to a process of
9 consultation and negotiation with the people of Puerto

1 Rico leading to a referendum on the issue of political
 2 status to be conducted in a fair and equitable manner.

3 SEC. 2. This Act may be cited as the "Puerto Rico
 4 Status Referendum Act".

5 **TITLE I**

6 **SEC. 101. REFERENDUM.**

7 (a) **IN GENERAL.**—An islandwide referendum shall be
 8 held in Puerto Rico in which qualified voters of the Common-
 9 wealth of Puerto Rico shall be presented a choice of three
 10 status options for Puerto Rico. The options shall appear on
 11 the ballot as follows:

12 (1) Statehood as set forth in title II of the Puerto
 13 Rico Status Referendum Act;

14 (2) Independence as set forth in title III of the
 15 Puerto Rico Status Referendum Act; and

16 (3) Commonwealth as set forth in title IV of the
 17 Puerto Rico Status Referendum Act.

18 (b) **DATE OF REFERENDUM.**—The referendum shall
 19 occur on December 2, 1991, or on a date during the autumn
 20 of calendar year 1991 as may be mutually agreed by the
 21 three principal political parties of Puerto Rico. If there is not
 22 a majority in favor of one of the three options, then there
 23 shall be, within thirty days, a runoff referendum between the
 24 two status options which had received the largest number of
 25 votes. Such referendum shall also include an option of "Nei-

1 ther of the Above". The Governor shall certify the results of
2 the referendum to the President and to the Congress of the
3 United States.

4 (c) **APPLICABLE LAW.**—(1) The referendum shall be
5 conducted pursuant to the laws of the Commonwealth of
6 Puerto Rico, except that eligibility to vote in the referendum
7 shall be in accordance with the election laws of Puerto Rico
8 as of August 1, 1990.

9 (2) Those Federal laws that apply to the election of the
10 Resident Commissioner of Puerto Rico shall also apply to the
11 referendum. Any reference in such Federal laws to elections
12 shall be considered, where appropriate, to be a reference to
13 the referendum, and any reference in such laws to candidates
14 for office shall be considered, where appropriate, to be a ref-
15 erence to the political status options under the referendum.

16 (d) **JUDICIAL REVIEW.**—Any legal dispute or contro-
17 versy arising out of this referendum shall be adjudicated in
18 accordance with local laws and procedures, except that:

19 (1)(A) Any aggrieved person (including, without
20 limitation, and political party, within sixty days after
21 the certification by the Governor of the results of the
22 referendum pursuant to title I, section 101(c), may in-
23 stitute an action to challenge the choice certified by
24 the Governor on the basis that (1) an electoral irregu-
25 larity or irregularities had occurred, and (2) that the ir-

1 regularity or irregularities were so significant as to
2 affect the outcome of the referendum and call into
3 question the choice certified by the Governor.

4 (B) The three-judge court provided for in para-
5 graph (2) shall have exclusive jurisdiction of proceed-
6 ings instituted pursuant to this section and shall exer-
7 cise the same without regard to whether the aggrieved
8 shall have exhausted any administrative or other reme-
9 dies provided by Federal law or the law of Puerto
10 Rico.

11 (C) In any proceeding instituted pursuant to this
12 paragraph of this subsection, if the court finds that
13 there has been an electoral irregularity or irregularities
14 so significant as to affect the outcome of the referen-
15 dum and call into question the choice certified by the
16 Governor, the court is empowered to grant appropriate
17 relief, including nullification of the entire referendum,
18 ordering a recount or recounts, or any other relief
19 deemed appropriate to preserve the integrity of the
20 electoral process.

21 (D) The Attorney General of the United States is
22 empowered to intervene at the request of the court in
23 any proceeding brought under this section in order to
24 assist in the gathering and presentation of evidence.
25 Any aggrieved person with a Federal constitutional or

1 Federal statutory claim arising out of the same factual
2 nexus as an action brought under this section may in-
3 tervene in that action in a manner deemed timely by
4 the court in its discretion. Failure of such an aggrieved
5 person to timely intervene will result in foreclosure of
6 that person's Federal constitutional or statutory claim.

7 (E) The court shall accord local law the benefit of
8 local interpretation. The court is not required to pro-
9 vide de novo review of any and all claims of irregular-
10 ities already determined by a local authority or tribu-
11 nal, except as it deems necessary.

12 (2)(A) Any claims brought under the United
13 States Constitution or a Federal statute, or any claim
14 brought to challenge the result certified by the Gover-
15 nor, whether brought under this Act or under the law
16 of the Commonwealth of Puerto Rico, shall be heard
17 by a three-judge court in the District for the District of
18 Columbia, which shall have exclusive jurisdiction over
19 all such claims. This court now exercises exclusive ju-
20 risdiction over certain Voting Rights Act claims under
21 42 U.S.C. 1973c.

22 (B) The court shall receive evidence and hear ar-
23 gument, as it deems necessary. The provisions of 28
24 U.S.C. 2284(b)(3) shall apply to proceedings of the
25 three-judge court. It shall be the duty of the Chief

1 Judge of the United States Court of Appeals for the
2 District of Columbia to designate three judges, of
3 whom at least one shall be a circuit judge and the re-
4 maining judge or judges shall be district court judges,
5 to hear and determine any such claim. Hearings of the
6 three-judge court shall be conducted in Puerto Rico.
7 An appeal from a final judgment of the three-judge
8 court will lie to the Supreme Court of the United
9 States by way of certiorari.

10 (e) IMPLEMENTATION LEGISLATION.—(1) If the refer-
11 endum results in a majority for one of the three status op-
12 tions, then to implement the status selected by the People of
13 Puerto Rico, pursuant to this Act, the Chairman of the
14 Senate Committee on Energy and Natural Resources and the
15 Chairman of the House Committee on Interior and Insular
16 Affairs shall introduce the appropriate title of this Act.

17 (2) Enactment of this section constitutes a commitment
18 by Congress to implement the status receiving a majority.

19 (f) RATIFICATION.—Upon enactment, the implementa-
20 tion legislation shall take effect in accordance with its terms
21 and upon approval by the people of Puerto Rico in a ratifica-
22 tion vote.

23 (g) INFORMATION.—The Joint Committee on Printing
24 shall provide a Referendum Information Booklet to each
25 voter household in Puerto Rico at least thirty days before the

1 referendum. The booklet shall contain the text of this Act, a
2 translation of such text, and other appropriate information as
3 set forth in the Statement of Managers regarding this Act.
4 There are authorized to be appropriated such sums as may be
5 necessary for the purposes of this subsection.

6 **TITLE II—STATEHOOD**

7 **SEC. 201. PROCLAMATION.**

8 (a) If, pursuant to section 101(f) of the Puerto Rico
9 Status Referendum Act, statehood is ratified, then the Presi-
10 dent shall issue a proclamation announcing the results of the
11 election as so ascertained.

12 (b) Upon the issuance of the proclamation under subsec-
13 tion (a), the Commonwealth of Puerto Rico (hereafter in this
14 title also referred to as “the State”) shall, effective on Janu-
15 ary 1 of the fifth calendar year following the calendar year in
16 which the ratification under section 101(f) of the Puerto Rico
17 Status Referendum Act occurs, be declared to be a State of
18 the United States of America, and shall be declared admitted
19 into the Union on an equal footing with the other States.

20 **SEC. 202. CONSTITUTION.**

21 The Constitution of the Commonwealth of Puerto Rico
22 shall always be republican in form and shall conform to the
23 Constitution of the United States and the principles of the
24 Declaration of Independence. The Constitution adopted by a
25 vote of the people of Puerto Rico in the election held on

1 June 4, 1951, has been found by Congress to be republican
2 in form and in conformity with the Constitution of the United
3 States and the principles of the Declaration of Independence,
4 and was accepted, ratified, and confirmed, through Public
5 Law 447 of the Eighty-second Congress, March 3, 1952.
6 The current Constitution of the Commonwealth of Puerto
7 Rico as ratified by the people at the referendum held on June
8 4, 1951, is hereby accepted as the Constitution of the State.

9 **SEC. 203. TERRITORY AND BOUNDARIES.**

10 The State shall consist of all of the territory, together
11 with the waters included in the seaward boundary, of the
12 Commonwealth of Puerto Rico.

13 **SEC. 204. STATE TITLE TO LANDS AND PROPERTY.**

14 (a) The State and its political subdivisions shall have
15 and retain title to all property, real and personal, which it
16 currently holds, including, but not limited to, title to sub-
17 merged lands heretofore granted to Puerto Rico.

18 (b) Any lands and other properties that, as of the date of
19 admission of Puerto Rico into the Union, are set aside pursu-
20 ant to law for the use of the United States under any (A) Act
21 of Congress, (B) Executive order, (C) proclamation of the
22 President, or (D) proclamation of the Governor of the Com-
23 monwealth of Puerto Rico, shall remain the property of the
24 United States.

1 (c) Not later than five years after the date of admission
2 of the Commonwealth of Puerto Rico as a State of the
3 Union, each Federal agency having control over any land or
4 property that is retained by the United States pursuant to
5 this section shall submit a report to the President and the
6 Congress concerning the continued need for such land or
7 property. If the President determines that any such land or
8 property, or portion thereof, or any interest therein, is no
9 longer needed by the Federal Government, it shall be con-
10 veyed to the Commonwealth of Puerto Rico at no cost. This
11 section does not authorize the transfer of any interest in the
12 Caribbean National Forest or the San Juan National Historic
13 Site.

14 (d) **ALL LAWS OF THE UNITED STATES.—**

15 (1) reserving to the United States the free use or
16 enjoyment of property which vest in or is conveyed to
17 the Commonwealth of Puerto Rico or its political sub-
18 divisions pursuant to this section; or

19 (2) reserving the right to alter, amend, or repeal
20 laws relating to the ownership of such land; shall cease
21 to be effective upon the conveyance of the land.

22 **SEC. 205. CLAIMS TO FEDERAL LANDS AND PROPERTY.**

23 (a) The Commonwealth and its people recognize all
24 rights and titles to any lands or other property not granted or
25 conferred to the Commonwealth or its political subdivisions

1 by or under the authority of this Act, the right or title to
2 which is now held by the United States or subject to disposi-
3 tion by the United States.

4 (b)(1) Nothing contained in this Act shall recognize,
5 deny, enlarge, impair, or otherwise affect any claim against
6 the United States, and any such claim shall be governed by
7 applicable laws of the United States.

8 (2) Nothing in this Act is intended or shall be construed
9 as a finding, interpretation, or construction by the Congress
10 that any applicable law authorizes, establishes, recognizes, or
11 confirms the validity or invalidity of any such claim, and the
12 determination of the applicability of any law to any such
13 claim shall be unaffected by anything in this Act.

14 (c) No taxes shall be imposed by the State upon any
15 lands or other property now owned or hereafter acquired by
16 the United States.

17 **SEC. 206. ELECTIONS AND ADMISSION REFERENDUM.**

18 (a)(1)(A) Not later than January 1 of the fourth calendar
19 year following the calendar year in which the ratification
20 under section 101(f) of the Puerto Rico Status Referendum
21 Act occurs, the Governor of the Commonwealth of Puerto
22 Rico shall issue a proclamation for the election of two United
23 States Senators and for such number of United States Repre-
24 sentatives in Congress as provided in this Act. Such procla-
25 mation shall provide that such elections shall occur on the

1 first Tuesday in November of such fourth calendar year (or
2 on another date during the autumn of such calendar year as
3 may be provided by legislation enacted by the Common-
4 wealth of Puerto Rico).

5 (B) The Governor of the Commonwealth of Puerto Rico
6 shall certify the election of the Senators and Representatives
7 in the manner required by law. The Senators and Represent-
8 atives elected shall be entitled, upon the date of admission of
9 the Commonwealth of Puerto Rico as a State of the Union,
10 to be admitted to seats in Congress and to all the rights and
11 privileges of Senators and Representatives of the other
12 States in the Congress of the United States. The Office of
13 Resident Commissioner shall cease to exist upon the swear-
14 ing in of the first Member of the House of Representatives so
15 elected.

16 (2) In the first election of Senators from the State, the
17 two senatorial offices shall be separately identified and desig-
18 nated, and no person may be a candidate for both offices. No
19 such identification or designation of either of the two senato-
20 rial officers shall refer to or be taken to refer to the terms of
21 such offices, or in any way impair the privilege of the Senate
22 to determine the class to which each of the Senators elected
23 shall be assigned.

24 (b)(1) Election returns shall be made and certified in
25 such manner as provided by the electoral laws of Puerto Rico

1 and in such a manner as the Commonwealth of Puerto Rico
2 may prescribe. The Governor of the Commonwealth of
3 Puerto Rico shall certify the results of such elections to the
4 President of the United States.

5 (2) The new State of Puerto Rico shall be known as the
6 Commonwealth of Puerto Rico.

7 (3) The individuals holding legislative, executive, and
8 judicial offices of the Commonwealth of Puerto Rico shall
9 continue to discharge the duties of their respective offices,
10 pending the issuance of the proclamation by the President of
11 the United States and the admission of the Commonwealth of
12 Puerto Rico as a State of the Union. The officers elected or
13 appointed under the provisions of the constitution and laws of
14 the Commonwealth shall thereupon proceed to exercise all
15 the functions pertaining to their offices in, under, or by au-
16 thority of the government of the State, as provided by the
17 constitution and laws of the State.

18 **SEC. 207. CONGRESSIONAL REPRESENTATION.**

19 The Commonwealth of Puerto Rico upon its admission
20 into the Union, and until the next reapportionment, shall be
21 entitled to such additional Representatives as would be pro-
22 vided based upon the 1990 census. The permanent member-
23 ship of the House of Representatives as now prescribed by
24 law, is hereby increased from four hundred and thirty-five to
25 four hundred and thirty-five plus the number of additional

1 Representatives to which the Commonwealth of Puerto Rico
2 is entitled.

3 **SEC. 208. LAWS IN EFFECT.**

4 (a) Upon admission of the Commonwealth of Puerto
5 Rico into the Union, all of the local laws then in force in the
6 Commonwealth of Puerto Rico shall be and continue in force
7 and effect throughout the State, except as modified or
8 changed by this Act, and shall be subject to repeal or amend-
9 ment by the legislature of the Commonwealth. All of the
10 laws of the United States shall have the same force and effect
11 within the State as on the date immediately prior to the date
12 of admission of the State of Puerto Rico, except as otherwise
13 provided in section 213 or 214 or elsewhere in this Act, and
14 except for any provisions of law which provide for grants or
15 other assistance to States or other units of local government
16 or individuals and for which the Commonwealth of Puerto
17 Rico or residents thereof are either excluded or whose eligi-
18 bility is less than that provided on a uniform basis to other
19 States. Any regulatory or other provision of law, other than
20 grants and other assistance, which does not apply to Puerto
21 Rico solely on the basis of particular geography, especially if
22 such provision does not also apply to either Alaska or
23 Hawaii, shall continue to not apply unless specifically ex-
24 tended by Congress.

1 (b) Within sixty days of the ratification under section
2 101(f) of the Puerto Rico Status Referendum Act, the Presi-
3 dent shall appoint a Commission on Federal Laws to survey
4 the laws of the United States and to make recommendations
5 to the United States Congress as to which laws of the United
6 States not applicable to the Commonwealth of Puerto Rico
7 should be made applicable and to what extent and in what
8 manner, and which applicable laws should be made inapplica-
9 ble and to what extent and in what manner. The Commission
10 will consist of seven persons (at least four of who will be
11 residents of Puerto Rico who are and have been for at least
12 five years domiciled continuously in Puerto Rico at the time
13 of their appointments) who will be representative of the Fed-
14 eral, local, private and public interests in the applicability of
15 laws of the United States to the Commonwealth of Puerto
16 Rico. The Commission will make its final report by Janu-
17 ary 1, 1994, and before that time will make such interim
18 reports and recommendations to the Congress as it considers
19 appropriate. In formulating its recommendations the Com-
20 mission will take into consideration the potential effect of
21 each law on local conditions within the Commonwealth of
22 Puerto Rico, the policies embodied in the law and the provi-
23 sions and purposes of this title. The United States will bear
24 the cost of the work of the Commission. There are hereby

1 authorized to be appropriated such sums as may be necessary
2 for the purposes of this subsection.

3 **SEC. 209. CONTINUATION OF SUITS.**

4 (a) No writ, action, indictment, cause, or proceeding
5 pending in any court of the Commonwealth of Puerto Rico,
6 shall abate by reason of the admission to the Commonwealth
7 of Puerto Rico into the Union, but shall proceed within such
8 appropriate State courts as are now established under the
9 Constitution of the Commonwealth, or shall continue in the
10 United States District Court for the District of Puerto Rico,
11 as the nature of the case may require.

12 (b) All civil causes of action and all criminal offenses,
13 which shall have arisen or been committed prior to the ad-
14 mission of the Commonwealth, but as to which no writ,
15 action, indictment, or proceeding shall be pending at the date
16 of such admission, shall be subject to prosecution in the ap-
17 propriate State courts or in the United States District Court
18 for the District of Puerto Rico in like manner, to the same
19 extent, and with like right of appellate review, as if such
20 State had been created and such State courts had been estab-
21 lished prior to the accrual of such causes of action or the
22 commission of such offenses. The admission of the State shall
23 effect no change in the procedural or substantive laws gov-
24 erning causes of action and criminal offenses which shall have
25 arisen or been committed, and any such criminal offenses as

1 shall have been committed against the laws of the Common-
2 wealth of Puerto Rico, shall be tried and punished by the
3 appropriate courts of the State, and any such criminal of-
4 fenses as shall have been committed against the laws of the
5 United States shall be tried and punished in the United
6 States District Court for the District of Puerto Rico.

7 **SEC. 210. APPEALS.**

8 Parties shall have the same rights of judicial review of
9 final decisions of the United States District Court for the
10 District of Puerto Rico or the Supreme Court of the Com-
11 monwealth of Puerto Rico, in any case finally decided prior
12 to the admission of the State of Puerto Rico into the Union,
13 whether or not an appeal therefrom shall have been perfected
14 prior to such admission. The United States Court of Appeals
15 for the First Circuit and the Supreme Court of the United
16 States, shall have the same jurisdiction in such cases as by
17 law provided prior to the admission of the State into the
18 Union. Any mandate issued subsequent to the admission of
19 the State, shall be to the United States District Court for the
20 District of Puerto Rico or a court of the State, as appropri-
21 ate. Parties shall have the same rights of appeal from and
22 appellate review of all orders, judgments, and decrees of the
23 United States District Court for the District of Puerto Rico
24 and of the Supreme Court of Puerto Rico, in any case pend-
25 ing at the time of admission of the State into the Union, and

1 the Supreme Court of the Commonwealth of Puerto Rico and
2 the Supreme Court of the United States shall have the same
3 jurisdiction therein, as by law provided in any case arising
4 subsequent to the admission of the State into the Union.

5 **SEC. 211. MILITARY LANDS.**

6 (a) Subject to subsection (b) and notwithstanding the ad-
7 mission of the Commonwealth of Puerto Rico into the Union,
8 authority is reserved in the United States for the exercise by
9 the Congress of the United States of the power of exclusive
10 legislation, as provided by article I, section 8, clause 17, of
11 the Constitution of the United States, in all cases whatsoever
12 over such tracts or parcels of land as, immediately prior to
13 the admission of the State, are controlled or owned by the
14 United States and held for defense or Coast Guard purposes.

15 (b)(1) The Commonwealth of Puerto Rico shall always
16 have the right to serve civil or criminal process within such
17 tracts or parcels of land in suits or prosecutions for or on
18 account of rights acquired, obligations incurred, or crimes
19 committed within the State but outside of such tracts or par-
20 cels of land.

21 (2) The reservation of authority in the United States for
22 the exercise by the Congress of the United States of the
23 power of exclusive legislation over such lands shall not oper-
24 ate to prevent such lands from being a part of the Common-
25 wealth of Puerto Rico, or to prevent the State from exercis-

1 ing over or upon such lands, concurrently with the Federal
2 Government, any jurisdiction which it would have in the ab-
3 sence of such reservation of authority and which is consistent
4 with the laws hereafter enacted by the Congress pursuant to
5 such reservation or authority.

6 (3) The power of exclusive legislation shall vest and
7 remain in the United States only so long as the particular
8 tract or parcel of land involved is controlled or owned by the
9 United States and used for defense or Coast Guard purposes,
10 except that the United States shall continue to have sole and
11 exclusive jurisdiction over such military installations as have
12 been or may be determined to be critical areas as designated
13 by the President of the United States or the Secretary of
14 Defense.

15 **SEC. 212. UNITED STATES NATIONALITY.**

16 No provision of this title shall operate to confer United
17 States nationality, to terminate nationality lawfully acquired,
18 or to restore nationality terminated or lost under any law of
19 the United States or under any treaty to which the United
20 States is or was a party.

21 **SEC. 213. ECONOMIC ADJUSTMENT.**

22 The following subsections and the provisions of section
23 214 are enacted pursuant to Congress' power to admit new
24 States, in recognition of the unique Federal tax provisions
25 and programs affecting the Commonwealth of Puerto Rico

1 which differ from those which applied to any other newly
2 admitted State, and solely for the purposes of effecting a
3 smooth and fair transition for the new State with a minimum
4 of economic dislocation and to permit Federal agencies to
5 assume or expand responsibilities for the administration and
6 enforcement of Federal taxes and programs affecting the citi-
7 zens residing in the new State:

8 (a) **APPLICATION OF FEDERAL LAWS.**—Effective upon
9 the ratification under section 101(f) of the Puerto Rico Status
10 Referendum Act, the heads of all Federal agencies are direct-
11 ed, as a priority matter, to examine the application of all
12 programs within the jurisdiction of their respective agencies
13 and, after consultation with the Governor of Puerto Rico, to
14 recommend to the President, and to the Commission estab-
15 lished under section 208(b), what changes, if any, and what
16 additional administrative requirements, if any, will be needed
17 to properly achieve the application of Federal laws in or to
18 the new State with proper regard for the economic, and geo-
19 graphic circumstances of the new State.

20 (b) **TRANSITION FOR CERTAIN ENTITLEMENTS.**—(1)
21 Except as otherwise provided in this subsection, effective on
22 the date of admission of the State of Puerto Rico, all Federal
23 programs which provide assistance to or on behalf of individ-
24 uals, including, but not limited to Aid to Families with De-
25 pendent Children, Medicaid, Foster Care and Adoption As-

1 sistance, and the Social Services block grant, shall apply in
2 the Commonwealth of Puerto Rico as they apply within the
3 several States.

4 (2) Beginning on January 1 of the 2nd calendar year
5 beginning after the date of the ratification under section
6 101(f) of the Puerto Rico Status Referendum Act, amounts
7 applicable under sections 1611(a)(1)(A) and 1611(b)(1) of the
8 Social Security Act may not exceed 50 percent and under
9 section 1611(a)(2)(A) and 1611(b)(2) of such Act may not
10 exceed 75 percent of the per capita income of the State (as
11 determined on the basis of the most recent reliable data avail-
12 able from the Secretary of Commerce) in which the applicant
13 for or recipient of benefits under title XVI of such Act re-
14 sides. An individual shall, regardless of legal residence, be
15 considered to reside in a State for purposes of this paragraph
16 for any month in which such individual is physically present
17 in such State throughout the entire month. The Secretary of
18 Health and Human Services (hereafter in this subsection re-
19 ferred to as the "Secretary") shall promulgate the amounts
20 determined under this paragraph for the State at the same
21 time and in the same manner as amounts are promulgated for
22 cost-of-living adjustments in benefits under section 1617 of
23 the Social Security Act.

24 (3)(A) Beginning on January 1 of the 2nd calendar year
25 beginning after the date of the ratification under section

1 101(f) of the Puerto Rico Status Referendum Act, the Secre-
2 tary shall implement the Supplemental Security Income for
3 the Aged, Blind, and Disabled program as provided under
4 title XVI of the Social Security Act in Puerto Rico. The
5 benefit standards provided under sections 1611 (a) and (b) of
6 the Social Security Act shall, after any reduction under the
7 per capita limitation described in paragraph (2) be set at—

8 (i) 25 percent of the otherwise applicable level in
9 such 2nd calendar year;

10 (ii) 50 percent of such level in the calendar year
11 immediately following such 2nd calendar year; and

12 (iii) 75 percent of such level in the 2nd calendar
13 year following such 2nd calendar year.

14 (B) The Secretary and the Government of Puerto Rico
15 may enter into an agreement under which the implementa-
16 tion of the Supplemental Security Income program described
17 in this paragraph in Puerto Rico will be deferred to a date
18 later than January 1 of the 2nd calendar year beginning after
19 the date of the ratification under section 101(f) of the Puerto
20 Rico Status Referendum Act (but not later than the effective
21 date of admission of the State of Puerto Rico). Any such
22 agreement must provide that payment levels under the pro-
23 gram of Aid to the Aged, Blind, and Disabled as in effect in
24 Puerto Rico shall be based on the levels that would otherwise
25 be in effect there under the Supplemental Security Income

1 program and the Federal contribution to the cost of such pay-
2 ments shall not exceed what would have been the Federal
3 costs under such Supplemental Security Income program.

4 (4)(A) Except as provided in this paragraph or in any
5 agreement between the Government of Puerto Rico and the
6 Secretary, the Medicaid program provided for under title
7 XIX of the Social Security Act shall, prior to the effective
8 date of admission of the State of Puerto Rico, continue to
9 operate in Puerto Rico as it is operated on the date of the
10 enactment of this Act.

11 (B) The Federal medical assistance percentage rate de-
12 termined under section 1905(b) of the Social Security Act
13 without regard to clause (2) of such section shall apply with
14 respect to benefits paid under such program on or after Janu-
15 ary 1 of the 2nd calendar year beginning after the date of the
16 ratification under section 101(f) of the Puerto Rico Status
17 Referendum Act.

18 (C) Section 1108(c) of the Social Security Act—

19 (i) shall be inapplicable to Puerto Rico on and
20 after the date of admission of the State of Puerto Rico;
21 and

22 (ii) shall apply to fiscal years ending after the 1st
23 calendar year beginning after the date of the ratifica-
24 tion under section 101(f) of the Puerto Rico Status
25 Referendum Act, and prior to the date described in

1 clause (i), as though the amount set forth in paragraph
2 (1)(C) thereof were increased by the applicable percent-
3 age of the excess of the amount that would be payable
4 to Puerto Rico without regard to such section 1108(c)
5 over \$79,000,000.

6 For purposes of claims (ii), the applicable percentage is 25
7 percent for the 1st such fiscal year, 50 percent for the 2nd
8 such fiscal year, and 75 percent for the 3rd such fiscal year.

9 (5) Prior to the effective date of admission of the State
10 of Puerto Rico, the Aid to Families with Dependent Children
11 program provided for under Part A of title IV of the Social
12 Security Act shall continue to operate in Puerto Rico as it is
13 operated on the date of the enactment of this Act, except
14 that—

15 (A) the Federal matching rate for program ex-
16 penditures after December of the 1st calendar year be-
17 ginning after the date of the ratification under section
18 101(e) of the Puerto Rico Status Referendum Act shall
19 equal the Federal medical assistance percentage rate
20 determined under section 1905(b) of the Social Securi-
21 ty Act without regard to clause (2) thereof, and

22 (B) the limitation on expenditures provided for
23 under section 1108(a)(1) of the Social Security Act
24 shall not apply with respect to such expenditures under
25 such title.

1 (6) The Medicare Hospital Insurance Benefits for the
2 Aged and Disabled program provided for under part A of title
3 XVIII of the Social Security Act shall continue to operate in
4 Puerto Rico as it is operated on the date of the enactment of
5 this Act, except that the Prospective Payment Assessment
6 Commission shall examine current levels of reimbursement
7 under such part and advise the Secretary within 6 months of
8 the date of the enactment of this Act as to whether the
9 system in place on the date of the enactment of this Act
10 accurately and appropriately reflects cost differentials be-
11 tween Puerto Rico and the States. If such study finds that
12 the system in effect on the date of the enactment of this Act
13 does not accurately reflect such cost differentials, the Secre-
14 tary shall submit to the appropriate committees of Congress
15 within 6 months of the date of completion of such study a
16 legislative proposal to correct any deficiencies in the reim-
17 bursement system.

18 (7) The Secretary shall reduce the amounts otherwise
19 payable to Puerto Rico under titles IV, XVI (as in effect
20 before the date of the enactment of Public Law 92-603), and
21 XIX of the Social Security Act with respect to expenditures
22 under such titles for any fiscal year which ends after the end
23 of the 1st calendar year beginning after the date of the ratifi-
24 cation under section 101(e) of the Puerto Rico Status Refer-
25 endum Act and prior to the date which is 4 calendar years

1 after the date of the admission of Puerto Rico as a State, to
 2 the extent that the sum of such amounts and any expendi-
 3 tures under the Supplemental Security Income program
 4 under title XVI of the Social Security Act with respect to
 5 residents of Puerto Rico exceeds the sum of \$161,000,000
 6 and any increase in Federal revenues by reason of section
 7 214(d) of this Act. The Secretary of the Treasury shall make
 8 an annual determination of such amount and provide for ap-
 9 propriate adjustments in such amount as determined for prior
 10 years.

11 (c) NUTRITION ASSISTANCE AND FOOD STAMP PRO-
 12 GRAM.—

13 (1) INCREASED FUNDING LEVELS FOR THE NU-
 14 TRITION ASSISTANCE PROGRAM IN PUERTO RICO.—
 15 Notwithstanding any other provision of law from the
 16 sums appropriated under the Food Stamp Act of 1977,
 17 the Secretary of Agriculture shall pay to the Common-
 18 wealth of Puerto Rico, in addition to the amounts re-
 19 quired to be paid by the Secretary of the Common-
 20 wealth of Puerto Rico under subparagraph (A) of sec-
 21 tion 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C.
 22 2028(a)(1)(A)), the following additional sums for the
 23 years described—

24 (A) \$112,500,000, for the fiscal year begin-
 25 ning on October 1 of the first calendar year after

1 the date of the ratification of the "Statehood"
2 status option by the people of Puerto Rico (here-
3 inafter referred to in this subsection as the "first
4 fiscal year after ratification");

5 (B) \$250,000,000 for the fiscal year immedi-
6 ately following the first fiscal year after ratifica-
7 tion; and

8 (C) \$337,500,000 for the second fiscal year
9 after the first fiscal year after ratification.

10 (2) **FOOD STAMP PROGRAM.**—Beginning on the
11 first day of October prior to January 1 of the year
12 Puerto Rico is declared admitted to the Union—

13 (A) Puerto Rico shall participate in the food
14 stamp program under the Food Stamp Act of
15 1977 on equal footing with any other State of the
16 United States; and

17 (B) the block grant program authorized
18 under section 19 of such Act for Puerto Rico is
19 terminated.

20 (3) **AMENDMENTS TO THE FOOD STAMP ACT OF**
21 **1977.**—Beginning on the first day of October prior to
22 January 1 of the year Puerto Rico is declared admitted
23 to the Union, section 19 of the Food Stamp Act of
24 1977 (7 U.S.C. 2028) is amended to read as follows:

1 “SEC. 19 (a). SPECIAL RULES.—Notwithstanding any
2 other provision of this Act, any State whose per capita
3 income is below 50 per centum of the national per capita
4 income of the United States shall participate in the program
5 under the requirements of this Act except as follows:

6 “(1) a household within any such State shall be
7 ineligible to participate in the food stamp program (not-
8 withstanding the provisions of section 5(c) of the Act) if
9 such household’s income, after the exclusions are made
10 as provided for in section 5(d) of such Act and before
11 the deductions in such income are made under section
12 5(e) of such Act, exceeds 65 per centum of the poverty
13 line as defined in section 5(c)(1) of such Act;

14 “(2) the standard deduction for purposes of deter-
15 mining benefits in such State shall be 59 per centum of
16 the standard deduction determined under section 5(e) of
17 the Act for the forty-eight contiguous States and the
18 District of Columbia; and

19 “(3) the maximum excess shelter expense deduc-
20 tion to which a household within the State may be en-
21 titled shall be 35 per centum of the maximum excess
22 shelter expenses deduction determined for the forty-
23 eight contiguous States and the District of Columbia
24 under paragraph (2) of the fourth sentence of section
25 5(e) of the Food Stamp Act of 1977 for the household.

1 “(b) Any State whose per capita income is below 50 per
 2 centum of the national per capita income of the United States
 3 shall participate in the program under the requirements of
 4 this Act except that any such State must make benefits avail-
 5 able through the use of intelligent benefit cards, other auto-
 6 mated or electronic delivery system, or other benefit delivery
 7 system specifically designed to promote the integrity of the
 8 program in any such State.”

9 (4) **LEGAL RIGHT TO ADDITIONAL SUMS.—**

10 Unless otherwise provided through legislation providing
 11 Federal revenues, the Secretary of Treasury is re-
 12 quired to pay to the Secretary of Agriculture all addi-
 13 tional amounts for nutritional assistance required to be
 14 paid by the Secretary of Agriculture to the Common-
 15 wealth of Puerto Rico under the Puerto Rico Status
 16 Referendum Act and section 19 of the Food Stamp Act
 17 of 1977. The Commonwealth of Puerto Rico is legally
 18 entitled to receive from the Secretary of Agriculture
 19 such additional amounts.

20 **SEC. 214. PROVISIONS RELATING TO TAXATION AND REVENUE**

21 **TRANSFERS.**

22 (A) **GENERAL RULE.—**Except as otherwise provided in
 23 this section—

24 (1) all Federal tax laws shall be applicable to the
 25 State of Puerto Rico on and after the date of its admis-

1 sion as a State of the Union in the same manner as
 2 applicable to all other States; and

3 (2) all Federal tax laws which are applicable to
 4 the Commonwealth of Puerto Rico before the date of
 5 the enactment of this Act shall continue to apply until
 6 such date of admission.

7 (b) TRANSITION PERIOD FOR APPLICATION OF
 8 INCOME TAXES.—

9 (1) Except as provided in paragraph (2), in the
 10 case of any taxable year in the transition period, the
 11 Federal income tax laws shall be applied—

12 (A) to all persons in the same manner as if
 13 the Commonwealth of Puerto Rico were a State,
 14 and

15 (B) without regard to section 933 of the In-
 16 ternal Revenue Code of 1986.

17 (2) The amount of any increase (or decrease) in
 18 any Federal income tax by reason of the application of
 19 paragraph (1) shall be equal to the applicable percent-
 20 age of the amount by which such tax is greater (or
 21 less) than such tax computed without regard to this
 22 subsection.

23 (3) For purposes of this section—

24 (A) The applicable percentage with respect
 25 to any taxable year in the transition period shall

1 be determined in accordance with the following
2 table:

In the case of the following year in such period:	The applicable percentage is:
1st	25 percent
2nd	50 percent
3rd.....	75 percent
4th and succeeding.....	100 percent

3 (B) If, but for this subparagraph, the applica-
4 ble percentage for the taxable year in the transi-
5 tion period which includes the date of admission
6 of Puerto Rico as a State is less than 100 per-
7 cent, the applicable percentage shall be treated as
8 100 percent with respect to the amount which
9 bears the same ratio to the amount of the increase
10 or decrease under paragraph (2)(A) (or the credit
11 under paragraph (2)(B)) as—

12 (i) the number of months in the taxable
13 year after the month preceding the month in-
14 cluding such date, bears to

15 (ii) the total number of months in such
16 taxable year.

17 (4) For purposes of this subsection, the term
18 “transition period” means, with respect to any taxpay-
19 er, the period beginning with the taxpayer’s 2nd tax-
20 able year beginning after the date of the ratification
21 under section 101(f) of the Puerto Rico Status Refer-
22 endum Act and ending with the taxpayer’s taxable

1 year which includes the date of admission of Puerto
2 Rico as a State. For purposes of the preceding sen-
3 tence, a taxpayer whose 1st taxable year begins after
4 such ratification date shall be treated as if such taxpay-
5 er had such a taxable year (and subsequent taxable
6 years) in effect on (and after) such date.

7 (5)(A) Paragraph (1) shall not apply to a corpora-
8 tion which is a FSC (as defined in section 922 of such
9 Code) organized and operated under the laws applica-
10 ble to the Commonwealth of Puerto Rico.

11 (B) Notwithstanding paragraph (1), if any portion
12 of the foreign source income of a Puerto Rican corpora-
13 tion is not subject to United States tax by reason of
14 paragraph (2) such corporation shall be treated as a
15 foreign corporation for purposes of applying the antide-
16 ferral provisions to such portion.

17 (C) For purposes of subparagraph (B), the term
18 "antideferral provisions" means subchapter G, subpart
19 F of part III of subchapter N, and part VI of subchap-
20 ter P of chapter 1 of such Code.

21 (c) **EMPLOYMENT, EXCISE, AND ESTATE AND GIFT**
22 **TAXES.—**

23 (1) Except as provided in paragraph (3), and not-
24 withstanding any other provision of law, in the case of
25 any calendar year during the transition period, the fol-

1 lowing taxes shall be imposed in the manner as if the
2 Commonwealth of Puerto Rico were a State:

3 (A) Chapter 24 of the Internal Revenue
4 Code of 1986 (relating to income tax collected at
5 source).

6 (B) Any excise tax imposed under the Inter-
7 nal Revenue Code of 1986 other than sections
8 3111 and 3301 of such Code.

9 (2) In the case of any transfer of property after
10 September 27, 1990, and before the date of admission
11 of Puerto Rico as a State by a donor if section 2501(c)
12 of the Internal Revenue Code of 1986 applies by
13 reason of being a resident of Puerto Rico—

14 (A) if such donor dies on or after such date
15 of admission, the value of such property shall be
16 included in the donor's gross estate if the donor or
17 the donor's spouse retains directly or indirectly
18 any beneficial interest in such property as of the
19 date of death or disposes of such interest within
20 three years before such date of death, and

21 (B) for purposes of applying subtitle B of
22 such Code to any transfer, or to the estate of any
23 decedent dying, after such date of admission, such
24 transfer of property shall be taken into account in
25 computing taxable gifts and adjusted taxable gifts.

1 (3)(A) A tax imposed under paragraph (1) shall be
 2 equal to the applicable percentage of such tax deter-
 3 mined without regard to this paragraph.

4 (B) For purposes of this paragraph, the applicable
 5 percentage for any calendar year in the transition
 6 period shall be determined in accordance with the fol-
 7 lowing table:

In the case of the following year in such period:	The applicable percentage is:
1st year	25 percent
2nd year	50 percent
3rd year	75 percent
4th year	100 percent

8 (4) For purposes of this subsection, the term
 9 “transition period” means the four-calendar year
 10 period beginning with the second calendar year follow-
 11 ing the calendar year in which the date of the ratifica-
 12 tion under section 101(f) of the Puerto Rico Status
 13 Referendum Act occurs.

14 (5) Paragraph (1)(B) shall not apply to any article
 15 to which section 7652 of the Internal Revenue Code of
 16 1986 applies.

17 (6)(A) In the case of any article which is held for
 18 sale in Puerto Rico on January 1 of the first, second,
 19 third, or fourth calendar year of the transition period,
 20 and which on such date is beyond the point at which
 21 tax would otherwise be imposed under the relevant

1 provision of the Internal Revenue Code of 1986, there
2 is hereby imposed a tax equal to the excess of—

3 (i) the Federal excise tax which would be im-
4 posed under the Internal Revenue Code of 1986 if
5 such tax were imposed on such date, over

6 (ii) the amount of such tax if such tax were
7 imposed on January 1 of the preceding calendar
8 year.

9 (B) The person holding an article on which tax is
10 imposed under subparagraph (A) shall be liable for pay-
11 ment of such tax, and such tax shall be due and pay-
12 able on February fifteen of the calendar year in which
13 imposed in the same manner as the excise tax which
14 would have been imposed under the relevant provision
15 of the Internal Revenue Code of 1986 on a similar
16 article.

17 (d) **TRANSITION PERIOD FOR SECTION 936 CREDIT.**—

18 (1) In the case of a taxable year in the transition
19 period, the credit under section 936 of the Internal
20 Revenue Code of 1986—

21 (A) shall be allowable to a taxpayer only if
22 such taxpayer (or a predecessor) elected the appli-
23 cation of such section for its taxable year which
24 included the date of the ratification under section
25 101(f) of the Puerto Rico Status Referendum Act,

1 and (B) shall be equal to the applicable percent-
2 age of the lesser of—

3 (i) the amount of such credit determined
4 without regard to this subsection, or

5 (ii) 130 percent of the average amount
6 of such credit of the taxpayer and its prede-
7 cessors for the three-taxable year period
8 ending with the taxpayer's last taxable year
9 ending before August 1, 1990 (not taking
10 into account years in which the taxpayer or
11 its predecessor was not in existence). If nei-
12 ther the taxpayer nor any predecessor has a
13 taxable year ending before August 1, 1990,
14 the amount under clause (ii) shall be treated
15 as being equal to the amount of such credit
16 of the taxpayer for its 1st taxable year
17 ending on or after August 1, 1990 (adjusted
18 as provided by the Secretary in the case of a
19 short taxable year).

20 (2)(A) For purposes of this subsection, the applica-
21 ble percentage for any taxable year in the transition
22 period shall be determined in accordance with the fol-
23 lowing table:

In the case of the following year in such period:	The applicable percentage is:
1st taxable year.....	75 percent
2nd taxable year.....	50 percent

3rd taxable year	25 percent
4th and following taxable year.....	0 percent

1 (B) For purposes of this paragraph, a rule similar
2 to the rule contained in subsection (b)(3)(B) shall apply.

3 (3) For purposes of this subsection, the term
4 “transition period” has the meaning given such term
5 by subsection (b)(4).

6 (e) COVER OVER OF TAXES.—

7 (1)(A) Except as provided in subparagraph (B), all
8 income and excise taxes collected under the internal
9 revenue laws of the United States by reason of subsec-
10 tions (b) and (c) allocable to each fiscal year (or portion
11 thereof) preceding the date of admission of Puerto Rico
12 as a State shall be covered into the treasury of Puerto
13 Rico.

14 (B) The provisions of section 7652 of the Internal
15 Revenue Code of 1986 shall continue to apply before
16 the date of admission of Puerto Rico as a State and
17 shall cease to apply on and after such date.

18 (2)(A) Taxes collected under the internal revenue
19 laws of the United States by reason of subsection (d)
20 allocable to each fiscal year (or the portion thereof)
21 preceding the date of admission of Puerto Rico as a
22 State shall be covered into the treasury of Puerto Rico
23 to the extent that the amount of such taxes exceeds

1 the applicable excess expenditures of the United States
2 allocable to such portion of the fiscal year.

3 (B) For purposes of subparagraph (A), the term
4 “applicable excess expenditures” means the excess (if
5 any) of—

6 (i) the amount of expenditures by the United
7 States—

8 (I) with respect to the operation in
9 Puerto Rico (or for residents thereof) of the
10 programs established by parts A and E of
11 title IV, title XVI (as added by Public Law
12 92-603), title XVI (as in effect before the
13 date of the enactment of Public Law 92-
14 603), and title XIX of the Social Security
15 Act, and

16 (II) with respect to credits under sec-
17 tion 32 of such Code in excess of tax liability
18 allowable to residents of Puerto Rico, over

19 (ii) the amount of the expenditures described
20 in clause (i) which would have been made without
21 regard to the provisions of this Act.

22 (f) RESERVATION; REGULATIONS.—

23 (1) Congress explicitly reserves authority to enact
24 appropriate transitional rules to implement the provi-
25 sions of this section.

1 (2) The Secretary of the Treasury is authorized to
 2 promulgate such rules and regulations as are necessary
 3 or appropriate to carry out the purposes of this section
 4 and to implement the transition to statehood.

5 **SEC. 215. AMENDMENTS TO TRADE LAWS.**

6 (a) **ELIMINATION OF SEPARATE DUTIES.—**

7 (1) Notwithstanding any other provision of law,
 8 no additional duties may be imposed by the Legislature
 9 of Puerto Rico after the date of the ratification under
 10 section 101(f) of the Puerto Rico Status Referendum
 11 Act.

12 (2) Beginning on the first day of the 2nd calendar
 13 year beginning after the date of the ratification under
 14 section 101(f) of the Puerto Rico Status Referendum
 15 Act, any duties imposed by the Legislature of Puerto
 16 Rico that are in effect on the date of such ratification
 17 shall be reduced by an amount equal to the applicable
 18 percentage of such duties in accordance with the fol-
 19 lowing table:

In the case of the following calendar year after ratification:	The applicable percentage is:
2nd.....	25 percent
3rd.....	50 percent
4th.....	75 percent
5th and following.....	100 percent

20 (3) Section 319 of the Tariff Act of 1930 (19
 21 U.S.C. 1319) is repealed effective January 1 of the 5th
 22 calendar year following the calendar year in which the

1 date of the ratification under section 101(f) of the
2 Puerto Rico Status Referendum Act occurs.

3 (4) The Act of June 18, 1934 (48 Stat. 1017,
4 chapter 604; 19 U.S.C. 1319a) is repealed effective
5 January 1 of the 5th calendar year following the calen-
6 dar year in which the date of the ratification under sec-
7 tion 101(f) of the Puerto Rico Status Referendum Act
8 occurs.

9 (5) Any Act ratifying an Act of the Legislature of
10 Puerto Rico which imposes tariffs or duties on articles
11 imported into Puerto Rico is repealed effective Janu-
12 ary 1 of the 5th calendar year following the calendar
13 year in which the date of the ratification under section
14 101(f) of the Puerto Rico Status Referendum Act
15 occurs.

16 (b) CARIBBEAN BASIN INITIATIVE.—

17 (1) Section 213(a) of the Caribbean Basin Eco-
18 nomic Recovery Act (19 U.S.C. 2703(a)) is amended—

19 (A) by striking “the Commonwealth of
20 Puerto Rico and” in the flush paragraph at the
21 end of paragraph (1),

22 (B) by striking “(other than the Common-
23 wealth of Puerto Rico)” in the flush paragraph at
24 the end of paragraph (1), and

25 (C) by striking paragraphs (4) and (5).

1 (2) Section 214(c) of the Caribbean Basin Eco-
2 nomic Recovery Act (19 U.S.C. 2703 note) is
3 amended—

4 (A) by striking “the treasuries of Puerto
5 Rico or” and inserting “the treasury of”, and

6 (B) by striking “produced in Puerto Rico or”
7 and inserting “produced in”.

8 (3) Section 214 of the Caribbean Basin Economic
9 Recovery Act (19 U.S.C. 1319 note) is amended by
10 striking subsection (e) and by redesignating subsections
11 (f) and (g) as subsections (e) and (f), respectively.

12 (4) The amendments made by this subsection shall
13 take effect on January 1 of the 5th calendar year fol-
14 lowing the calendar year in which the date of the rati-
15 fication under section 101(f) of the Puerto Rico Status
16 Referendum Act occurs.

17 (c) CONFORMING AMENDMENTS.—

18 (1) Section 504 of the Trade Act of 1974 (19
19 U.S.C. 2464) is amended by striking subsection (e) and
20 redesignating subsection (f) as subsection (e).

21 (2) Section 4 of the Act of April 12, 1900 (com-
22 monly known as the “Foraker Act”; 31 Stat. 77,
23 chapter 191; 48 U.S.C. 740) is repealed.

24 (3) The amendments made by this subsection shall
25 take effect on January 1 of the 5th calendar year fol-

1 lowing the calendar year in which the date of the rati-
2 fication under section 101(f) of the Puerto Rico Status
3 Referendum Act occurs.

4 **TITLE III—INDEPENDENCE**

5 **SEC. 301. CONSTITUTIONAL CONVENTION.**

6 (a) Should independence be ratified pursuant to section
7 101(f) of the Puerto Rico Status Referendum Act, then the
8 Legislative Assembly of the Commonwealth of Puerto Rico
9 shall provide, within two months, for the election of delegates
10 to a Constitutional Convention to serve until the proclama-
11 tion of independence and to draft a Constitution for the Re-
12 public of Puerto Rico. The election of delegates must be held
13 within six months after such ratification.

14 (b) Those qualified to vote in the election of delegates to
15 the Constitutional Convention shall be (1) All persons born
16 and residing in Puerto Rico; (2) all persons residing in Puerto
17 Rico and one of whose parents was born in Puerto Rico; (3)
18 all persons who at the time of the adoption of this Act shall
19 have resided in Puerto Rico for a period of twenty years or
20 more; (4) all persons who established their residence in
21 Puerto Rico prior to attaining voting age and still reside in
22 Puerto Rico; and (5) spouses of all persons included in (1),
23 (2), (3), and (4) above.

1 (c) The laws of the Commonwealth of Puerto Rico relat-
2 ing to additional voter qualifications and the electoral process
3 shall apply to this election.

4 (d) The Constitutional Convention shall meet within
5 three months of the election of delegates at such time and
6 place as the Legislative Assembly of the Commonwealth of
7 Puerto Rico shall determine.

8 (e) The Constitutional Convention shall exercise juris-
9 diction over all of the territory of Puerto Rico ceded to the
10 United States by Spain by virtue of the Treaty of Paris the
11 tenth day of December 1898.

12 **SEC. 302. CHARACTER OF THE CONSTITUTION.**

13 (a) The Constitutional Convention mandated under the
14 previous section shall formulate and draft a constitution es-
15 tablishing a republican form of government which shall guar-
16 antee the protection of fundamental human rights.

17 (b) The fundamental human rights guaranteed by the
18 aforementioned constitution shall include such rights as due
19 process and equal protection under the law, freedom of
20 speech, press, assembly, association, and religion, as well as
21 the rights of the accused, and economic, social, and cultural
22 rights such as the right to education, adequate nutrition,
23 health services, adequate housing, and work or employment
24 and the right to own private property and to just compensa-
25 tion for the taking thereof.

1 (c) The property rights of the United States and Puerto
2 Rico shall be promptly adjusted and settled, and all existing
3 property rights of citizens or corporations of the United
4 States shall be acknowledged, respected, and safeguarded to
5 the same extent as property rights of citizens of Puerto Rico.

6 **SEC. 303. RATIFICATION OF THE CONSTITUTION.**

7 (a) The Constitution adopted by the Constitutional Con-
8 vention shall be submitted to the people of Puerto Rico for its
9 ratification or rejection.

10 (b) The Legislative Assembly of the Commonwealth of
11 Puerto Rico shall call for a special election for such ratifica-
12 tion or rejection, to be held within three months of the adop-
13 tion of the Constitution by the Constitutional Convention.

14 (c) The special election providing all qualified voters the
15 opportunity to cast a vote for or against the proposed Consti-
16 tution shall be held in the manner prescribed by the Legisla-
17 tive Assembly of the Commonwealth of Puerto Rico. In the
18 event such Constitution is not approved in the election, it
19 shall be resubmitted to the convention for further consider-
20 ation and resubmission to the voters as provided in this
21 section.

22 (d) Those qualified to vote in this election shall be those
23 possessing the qualifications established in section 301 of this
24 title.

1 **SEC. 304. ELECTION OF OFFICERS OF THE REPUBLIC.**

2 (a) Within thirty days of the ratification of the Constitu-
3 tion as provided for by section 303 of this title, the Governor
4 of the Commonwealth of Puerto Rico shall issue a proclama-
5 tion calling for the election of such officers of the Republic of
6 Puerto Rico as may be required by the ratified Constitution.

7 (b) The election of officers of the Republic shall be held
8 not later than six months after the date of ratification of the
9 Constitution.

10 (c) The aforesaid election shall be held in accordance
11 with the procedures and requirements established in the Con-
12 stitution of the Republic of Puerto Rico.

13 (d) The Governor of the Commonwealth of Puerto Rico
14 shall certify the results of the election to the President of the
15 United States.

16 **SEC. 305. JOINT TRANSITION COMMISSION.**

17 (a) A Joint Transition Commission shall be appointed in
18 equal numbers by the President of the United States and the
19 Presiding Officer of the Constitutional Convention of Puerto
20 Rico.

21 (b) The Joint Transition Commission shall be responsi-
22 ble for expediting the orderly transfer of all functions current-
23 ly exercised by the Government of the United States in
24 Puerto Rico, or in relation to Puerto Rico; including the rec-
25 ommendation of appropriate legislation to the appropriate of-
26 ficials of each government.

1 (c) Any necessary task forces established by the Joint
2 Transition Commission shall be constituted in the same
3 manner as the Commission.

4 (d) The Government of the Commonwealth of Puerto
5 Rico and the agencies of the Government of the United
6 States shall cooperate with the Joint Transition Commission
7 and subsequently with the new officers of the Republic of
8 Puerto Rico, to provide for the orderly transfer of the func-
9 tions of government.

10 (e) The costs of the Transition Commission shall be
11 evenly divided between the United States and Puerto Rico,
12 and there is hereby authorized to be appropriated such sums
13 as are necessary for the United States share of these costs.
14 Agencies of the United States Government shall provide
15 technical assistance to the Joint Transition Commission on a
16 reimbursable basis.

17 **SEC. 306. RESOLUTION OF CONTROVERSIES PRIOR TO INDE-**
18 **PENDENCE.**

19 Except as provided in title I of this Act and beginning
20 on the date of the ratification provided for in title I of this
21 Act, and until the date of proclamation of independence, any
22 action arising from this title filed in courts of the United
23 States shall be stayed and referred to the Joint Transition
24 Commission for resolution within a reasonable period of time.

1 SEC. 307. PROCLAMATIONS BY THE PRESIDENT OF THE
2 UNITED STATES AND THE HEAD OF STATE OF
3 THE REPUBLIC OF PUERTO RICO.

4 (a) Not later than one month after the official certifica-
5 tion of the elected officers of the Republic of Puerto Rico
6 under section 304, and the approval, in accordance with the
7 constitutional processes of Puerto Rico and the United
8 States, of the agreements set forth in sections 312 and 313,
9 the President of the United States shall by proclamation
10 withdraw and surrender all rights of possession, supervision,
11 jurisdiction, control or sovereignty then existing and exer-
12 cised by the United States over the territory and people of
13 Puerto Rico, and shall furthermore recognize on behalf of the
14 United States of America the independence of the Republic of
15 Puerto Rico and the authority of the government instituted
16 by the people of Puerto Rico under the Constitution of their
17 own adoption. The proclamation shall state that the effective
18 date of withdrawal of the sovereignty of the United States
19 and the recognition of independence shall be the same as the
20 date of the proclamation of independence as provided in sub-
21 section (d).

22 (b) The President of the United States shall forward a
23 copy of the proclamation issued by him to the presiding offi-
24 cer of the Constitutional Convention of Puerto Rico within a
25 week after signature.

1 (c) Within one week after receiving the Presidential
2 proclamation and with the advice of the officer elected as
3 head of state of the Republic, the presiding officer of the
4 Constitutional Convention shall determine the date in which
5 the Government of the Republic shall take office, and shall so
6 notify the Governor of the Commonwealth of Puerto Rico
7 and the President of the United States.

8 (d) Upon taking office, the head of state of the Republic
9 of Puerto Rico shall immediately issue a proclamation declar-
10 ing (1) that Puerto Rico has become a sovereign, independent
11 nation; (2) that the Constitution of the Republic is thence-
12 forth in effect; (3) that the Commonwealth of Puerto Rico
13 and its Government have ceased to exist; and (4) that the
14 Government of the Republic will henceforth exercise its
15 powers and duties under its Constitution.

16 **SEC. 308. EFFECTS OF THE PROCLAMATION OF INDEPEND-**
17 **ENCE ON LEGAL AND CONSTITUTIONAL PROVI-**
18 **SIONS.**

19 (a) Upon the proclamation of independence as provided
20 in section 307, and except as otherwise provided in this title
21 or in any separate agreements hereinafter concluded between
22 the United States and the Republic of Puerto Rico—

23 (1) all property, rights, and interests which the
24 United States may have acquired over Puerto Rico by
25 virtue of the Treaty of Paris of 1898, and thereafter by

1 cession, purchase, or eminent domain, with the excep-
2 tion of such land and other property, rights, or inter-
3 ests as may have been sold or otherwise legally dis-
4 posed of prior to the enactment of this Act, shall vest
5 in the Republic of Puerto Rico;

6 (2) all laws of the United States applicable to the
7 Commonwealth of Puerto Rico immediately prior to
8 the proclamation of independence shall no longer apply
9 in the Republic of Puerto Rico; and

10 (3) all laws and regulations of the Commonwealth
11 of Puerto Rico in force immediately before the procla-
12 mation of independence shall continue in force and
13 shall be read with such modifications, adaptations,
14 qualifications and exceptions as may be necessary to
15 bring them into conformity with the Constitution of the
16 Republic of Puerto Rico until such time as they shall
17 be replaced with new legislation, except any provisions
18 that may be incompatible with the sovereignty of the
19 Republic of Puerto Rico shall be deemed invalid.

20 **SEC. 309. EFFECTS OF THE PROCLAMATION OF INDEPEND-**
21 **ENCE ON JUDICIAL PRONOUNCEMENTS.**

22 Unless otherwise agreed by the Governments of United
23 States and Puerto Rico in accordance with their respective
24 constitutional processes:

1 (1) The Republic of Puerto Rico shall recognize
2 and give effect to all orders and judgments rendered by
3 United States or Commonwealth courts prior to the
4 proclamation of independence pursuant to the laws of
5 the United States then applicable to the Common-
6 wealth of Puerto Rico.

7 (2) All judicial proceedings pending in the courts
8 of the Commonwealth of Puerto Rico prior to the pro-
9 clamation of independence shall be continued in the cor-
10 responding courts under the Constitution of the Repub-
11 lic of Puerto Rico.

12 (3) Upon the proclamation of independence, the
13 judicial power of the United States shall no longer
14 extend to Puerto Rico. All proceedings pending in the
15 United States District Court for the District of Puerto
16 Rico shall be transferred to the corresponding Puerto
17 Rican courts of competence under the Constitution of
18 the Republic of Puerto Rico for disposition in conformi-
19 ty with laws applicable at the time when the contro-
20 versy in process arose. All proceedings pending in the
21 United States Court of Appeals for the First Circuit, or
22 in the Supreme Court of the United States, which may
23 have initiated in the courts of the Commonwealth or in
24 the United States District Court for the District of
25 Puerto Rico shall continue until their final disposition

1 and shall be submitted to the competent authority of
2 the Republic of Puerto Rico for proper execution,
3 unless either the United States or any of its officers is
4 a party, in which case any final judgment shall be
5 properly executed by the competent authority of the
6 United States.

7 **SEC. 310. STATE SUCCESSION.**

8 (a) The Government of the Republic of Puerto Rico
9 shall be deemed successor to the Government of the Com-
10 monwealth of Puerto Rico and of all the rights and obliga-
11 tions thereof.

12 (b) Upon proclamation of independence the President of
13 the United States shall notify the governments with which
14 the United States is in diplomatic correspondence, to the
15 United Nations Organization, and to the Organization of
16 American States, that—

17 (1) the United States has recognized the inde-
18 pendence of the Republic of Puerto Rico; and

19 (2) all obligations and responsibilities of the Gov-
20 ernment of the United States which arise from any
21 valid bilateral or multilateral international instruments
22 affecting Puerto Rico, insofar as said instruments may
23 be held to have consequences for the United States be-
24 cause of their application to or in respect to Puerto
25 Rico, shall cease, except that such obligations and re-

1 responsibilities may be assumed by the Government of
2 the Republic of Puerto Rico in a manner to be deter-
3 mined and proclaimed by the appropriate officer of the
4 Republic of Puerto Rico in accordance with its Consti-
5 tution.

6 **SEC. 311. CITIZENSHIP AND MIGRATION.**

7 (a) All matters pertaining to Puerto Rican citizenship
8 shall be regulated pursuant to the Constitution and laws of
9 the Republic of Puerto Rico.

10 (b) Upon the ratification under section 101(f) of the
11 Puerto Rico Status Referendum Act, Puerto Rico shall no
12 longer be deemed to be a part of the United States for the
13 purposes of acquiring citizenship of the United States. Provi-
14 sions of the Puerto Rican Federal Relations Act (commonly
15 known as the "Jones Act", 48 U.S.C. 731 et seq.) and the
16 Immigration and Nationality Act (8 U.S.C. 1101 et seq.) de-
17 claring Puerto Rico to be a part of the United States for the
18 purpose of extending citizenship to persons born in Puerto
19 Rico are repealed or modified, as appropriate, to delete any
20 reference to Puerto Rico and Puerto Rico shall not be consid-
21 ered to be a part of the United States for such purposes,
22 except that nothing in this section shall affect the citizenship
23 of any person born prior to the date of the ratification.

24 (c) Notwithstanding any other provision of law, no
25 person born outside of the United States after the ratification

1 under section 101(f) of the Puerto Rico Status Referendum
2 Act shall be a citizen of the United States at birth if a parent
3 or the parents of such person acquired United States citizen-
4 ship solely by virtue of birth in Puerto Rico pursuant to the
5 provisions of the Puerto Rican Federal Relations Act (com-
6 monly known as the “Jones Act”, 48 U.S.C. 731 et seq.)
7 and the Immigration and Nationality Act (8 U.S.C. 1101 et
8 seq.) and whose principal residence, as defined under section
9 101(a)(33) of the Immigration and Nationality Act (8 U.S.C.
10 1101(a)(33)), continued to be Puerto Rico on or after the
11 Proclamation of Independence, unless the parent or parents
12 at the time of the birth of such person is a citizen of the
13 United States employed by the Government of the United
14 States.

15 (d) Entry into the United States and lawfully engaging
16 in occupations or establishing residence as immigrants in the
17 United States for any person who is not a citizen of the
18 United States and becomes a citizen of the Republic of
19 Puerto Rico upon the Proclamation of Independence, or who
20 becomes a citizen of the Republic by birth after the Procla-
21 mation of Independence, or who is a naturalized citizen of the
22 Republic who has been an actual resident of Puerto Rico for
23 not less than five years, shall be permitted only as may be
24 provided by law and regulation of the United States: *Provid-*
25 *ed*, That persons identified under subsection (c) above, may

1 enter the United States and its territories and possessions as
2 nonimmigrants for a period of twenty-five years after such
3 Proclamation of Independence without regard to paragraphs
4 (14), (20), and (26)(B) of section 212(a) of the Immigration
5 and Nationality Act (8 U.S.C. 1182(a) (14), (20), and (26)(B):
6 *Provided further*, That this subsection does not confer on
7 such citizen of Puerto Rico the right to establish the resi-
8 dence necessary for naturalization under the Immigration and
9 Nationality Act, or to petition for benefits for alien relatives
10 under such Act. This subsection, however, shall not prevent
11 a citizen of Puerto Rico from otherwise acquiring such rights
12 or lawful permanent resident alien status in the United
13 States.

14 **SEC. 312. DEFENSE.**

15 Specific arrangements for the use of military areas by
16 the United States in Puerto Rico shall be negotiated by a
17 task force established by the Joint Transition Commission,
18 and approved in accordance with the constitutional processes
19 of the United States and Puerto Rico, and shall come into
20 effect simultaneously with the proclamation of independence.
21 These specific arrangements shall include an agreement by
22 the Government of Puerto Rico to deny to third countries
23 any access to or use of the territory of Puerto Rico for mili-
24 tary purposes. Consent by the United States to any alter-
25 ation, modification, amendment, limitation, termination, or

1 other change in such agreement regarding denial shall occur
2 only pursuant to a specific Act of Congress.

3 **SEC. 313. FEDERAL PROGRAMS.**

4 The following subsections and the provisions of this title
5 are enacted in recognition of the unique relationship between
6 the United States and Puerto Rico, to affect a smooth and
7 fair transition for the new Republic of Puerto Rico with a
8 minimum of economic disruption, and to promote the devel-
9 opment of a viable economy in the new Republic of Puerto
10 Rico.

11 (a) All Federal programs shall continue to apply in
12 Puerto Rico until the end of the fiscal year in which inde-
13 pendence is proclaimed, at which time, a grant shall be paid
14 to the Republic of Puerto Rico pursuant to subsection (3).

15 (b) Specific arrangements for the continuation or phase-
16 out of Federal programs shall be negotiated by a Task Force
17 on Economic Assistance established by the Joint Transition
18 Commission and approved in accordance with the constitu-
19 tional processes of Puerto Rico and the United States, and
20 shall come into effect simultaneously with the proclamation
21 of independence. In general, the specific arrangements shall
22 provide that—

23 (1) all Federal pension programs, such as veterans
24 and civil service benefits, shall continue as provided by
25 United States law;

1 (2) prior to the end of the fiscal year in which in-
2 dependence is proclaimed, an estimate will be deter-
3 mined by the Comptroller General of the United States
4 of the total value of grants, programs, and services, in-
5 cluding Medicare, provided by the Federal Government
6 in Puerto Rico in such fiscal year, except for those
7 grants, programs, and services which will otherwise
8 continue under this Act;

9 (3) a grant equal to the value established under
10 paragraph (2) shall be paid annually to the Republic of
11 Puerto Rico beginning in the fiscal year following the
12 year in which independence is proclaimed, through the
13 ninth year following the ratification under section
14 101(f) of the Puerto Rico Status Referendum Act;

15 (4) the United States will fulfill any contractual
16 obligations outstanding at the time of the proclamation
17 of independence; and

18 (5) Puerto Rico may request that the United
19 States renew or continue any existing contractual obli-
20 gations: Provided that Puerto Rico agrees that the cost
21 of such renewal or continuation shall be deducted from
22 the annual grant made under paragraph (3).

23 (c) There are authorized to be appropriated such sums
24 as may be necessary to fulfill the purposes of this section.

1 SEC. 314. SOCIAL SECURITY AND UNEMPLOYMENT INSUR-
2 ANCE.

3 (a) The Joint Transition Commission established under
4 section 305 of this Act shall establish a Task Force on Social
5 Security to negotiate agreements necessary for the coordina-
6 tion of the social security system of the United States estab-
7 lished by title II of the Social Security Act with a similar
8 system to be established in the new Republic of Puerto Rico.
9 Such agreements shall protect the benefit rights of all individ-
10 uals who have attained benefit eligibility under such title as
11 of 5 calendar years subsequent to the ratification under sec-
12 tion 101(f) of the Puerto Rico Status Referendum Act shall
13 provide appropriate credit for others who have contributed to
14 such system. Any such agreement shall be approved in ac-
15 cordance with the constitutional processes of Puerto Rico and
16 the United States.

17 (b) In order to provide adequate time for the negotiation
18 and implementation of the agreements provided for in (a), the
19 provisions of the Old Age, Survivors, and Disability Insur-
20 ance programs under title II of the Social Security Act and
21 the related provisions of chapters 2 and 21 of the Internal
22 Revenue Code of 1986 shall apply until the end of the 5th
23 calendar year beginning after the date of the ratification
24 under section 101(f) of the Puerto Rico Status Referendum
25 Act.

1 (c) Except as otherwise provided in this section, all pro-
2 grams operated under the Social Security Act shall cease to
3 apply in Puerto Rico at the end of the fiscal year in which
4 independence is proclaimed.

5 (d) Notwithstanding any other provision of law, on De-
6 cember 31 of the year in which a proclamation of independ-
7 ence is issued under section 307(d) of this Act—

8 (1) any amounts remaining in the Unemployment
9 Trust Fund which are allocable to Puerto Rico shall be
10 transferred to the Republic of Puerto Rico; and

11 (2) the Republic of Puerto Rico shall cease to be
12 treated as a State for purposes of chapter 23 of the
13 Internal Revenue Code of 1986, titles III, IX, and
14 XII of the Social Security Act, the Federal-State Ex-
15 tended Unemployment Compensation Act of 1970, and
16 any similar law of the United States relating to unem-
17 ployment taxes or benefits.

18 (e) Any person who is a citizen of the United States (as
19 described in section 316(c) of this Act, without regard to
20 clauses (i) and (ii) of subparagraph (B)) shall not be treated as
21 an employee for purposes of any law described in subsection
22 (d)(2).

23 **SEC. 315. TRADE RELATIONS.**

24 (a) It is the sense of the Congress that—

1 (1) the United States should continue to maintain
2 an open trading relationship with the Republic of
3 Puerto Rico after a proclamation of independence is
4 under this title, and

5 (2) the President should—

6 (A) seek to obtain favorable treatment from
7 other countries for exports from Puerto Rico, and

8 (B) encourage other countries to maintain
9 open trading relationships with Puerto Rico and
10 to designate Puerto Rico as a beneficiary under
11 any preferential trade arrangements such other
12 countries maintain.

13 (b) The Joint Transition Commission shall establish a
14 Task Force on Trade to consider and develop the manner in
15 which trade between the United States and the Republic of
16 Puerto Rico will be governed following the Proclamation of
17 Independence. The Task Force on Trade shall submit a
18 report on its deliberations, along with its recommendations,
19 to the President, the Committee on Finance of the United
20 States Senate, and the Committee on Ways and Means of the
21 House Representatives.

22 (c) Beginning on the date of the issuance of the procla-
23 mation of independence under section 307(d) of this Act, the
24 applicable rate of duty of the general subcolumn of column 1
25 of the Harmonized Tariff Schedule of the United States shall

1 apply to products of the Republic of Puerto Rico entered or
2 withdrawn from warehouse on or after such date.

3 (d)(1) Section 212(b) of the Caribbean Basin Economic
4 Recovery Act (19 U.S.C. 2702(b)) is amended by inserting in
5 alphabetical sequence “Puerto Rico, the Republic of”.

6 (2)(A) Section 213(a) of the Caribbean Basin Economic
7 Recovery Act (19 U.S.C. 2703(a)) is amended—

8 (i) by striking “Commonwealth of Puerto Rico” in
9 the flush paragraph at the end of paragraph (1),

10 (ii) by striking “(other than the Commonwealth of
11 Puerto Rico)” in this flush paragraph at the end of
12 paragraph (1), and

13 (iii) by striking paragraphs (4) and (5).

14 (B) Section 214(c) of the Caribbean Basin Economic
15 Recovery Act (19 U.S.C. 2703 note) is amended—

16 (i) by striking “the treasuries of Puerto Rico or”
17 and inserting “the treasury of”, and

18 (ii) by striking “produced in Puerto Rico or” and
19 inserting “produced in”.

20 (C) Section 214 of the Caribbean Basin Economic Re-
21 covery Act (19 U.S.C. 1319 note) is amended by striking
22 subsection (e) and by redesignating subsections (f) and (g) as
23 subsections (e) and (f), respectively.

1 (3) The amendments made by this subsection shall take
2 effect on the date the proclamation of independence is issued
3 under section 307(d) of this Act.

4 (e)(1) During the 5-year period beginning on the date
5 the proclamation of independence is issued under section
6 307(d) of this Act, the President may enter into a trade
7 agreement with the Republic of Puerto Rico that provides for
8 the reduction or elimination of any duty imposed by the
9 United States, the elimination of any other barriers, and the
10 establishment of a free trade area between Puerto Rico and
11 the United States.

12 (2) A trade agreement entered into under this subsection
13 shall be reciprocal and shall provide for mutual reductions in
14 trade barriers to promote trade, economic growth, and em-
15 ployment.

16 (3) Before the President enters into any trade agree-
17 ment under this subsection, the President shall consult
18 with—

19 (A) the Committee on Ways and Means of the
20 House of Representatives and the Committee on Fi-
21 nance of the Senate; and

22 (B) each other committee of the House and the
23 Senate, and each joint committee of the Congress,
24 which has jurisdiction over legislation involving subject

1 matters which would be affected by the trade agree-
2 ment.

3 (4) The consultation under paragraph (4) shall include—

4 (A) the nature of the agreement;

5 (B) how and to what extent the agreement will
6 achieve the applicable purposes, policies, and objectives
7 of section 1101 of the Omnibus Trade and Competi-
8 tiveness Act of 1988; and

9 (C) all matters relating to the implementation of
10 the agreement under subsection (f).

11 (f)(1) Any agreement entered into under subsection (e)
12 shall enter into force with respect to the United States if (and
13 only if)—

14 (A) the President, at least 90 calendar days before
15 the day on which he enters into the trade agreement,
16 notifies the House of Representatives and the Senate
17 of his intention to enter into the agreement, and
18 promptly thereafter publishes notice of such intention
19 in the Federal Register,

20 (B) after entering into the agreement, the Presi-
21 dent submits a document to the House of Representa-
22 tives and the Senate containing a copy of the final
23 legal text of the agreement, together with—

24 (i) a draft of an implementing bill,

1 (ii) a statement of any administrative action
2 proposed to implement the trade agreement, and

3 (iii) the supporting information described in
4 paragraph (2); and

5 (C) the implementing bill is enacted into law.

6 (2) The supporting information required under para-
7 graph (1)(B)(iii) consists of—

8 (A) an explanation as to how the implementing
9 bill and proposed administrative action will change or
10 affect existing law; and

11 (B) a statement—

12 (i) asserting that the agreement makes
13 progress in achieving the applicable purposes,
14 policies, and objectives of section 1101 of the Om-
15 nibus Trade and Competitiveness Act of 1988,
16 and

17 (ii) setting forth the reasons of the President
18 regarding—

19 (I) how and to what extent the agree-
20 ment makes progress in achieving the appli-
21 cable purposes, policies, and objectives re-
22 ferred to in clause (i), and why and to what
23 extent the agreement does not achieve other
24 applicable purposes, policies, and objectives,

1 (II) how the agreement serves the inter-
2 ests of United States commerce, and

3 (III) why the implementing bill and pro-
4 posed administrative action is required or ap-
5 propriate to carry out the agreement.

6 (g) The provisions of section 151 of the Trade Act of
7 1974 (19 U.S.C. 2191) shall apply to any draft of a bill
8 implementing a trade agreement entered into under subsec-
9 tion (e).

10 (h) Each period of time described in subsection (f) shall
11 be computed without regard to—

12 (1) the days on which either House of the Con-
13 gress is not in session because of an adjournment of
14 more than 3 days to a day certain or an adjournment
15 of the Congress sine die; and

16 (2) any Saturday and Sunday, not excluded under
17 paragraph (1), when either House of the Congress is
18 not in session.

19 **SEC. 316. TAXATION.**

20 (a) Except as provided in this section, the Republic of
21 Puerto Rico shall, on and after the date of proclamation of
22 independence under section 307, be treated for purposes of
23 the internal revenue laws of the United States as a foreign
24 country.

1 (b)(1) In the case of a taxable year in the transition
2 period, the credit under section 936 of the Internal Revenue
3 Code of 1986—

4 (A) shall be allowable to a taxpayer only if such
5 taxpayer (or a predecessor) elected the application of
6 such section for its taxable year which included the
7 date of the ratification under section 101(e) of the
8 Puerto Rico Status Referendum Act, and

9 (B) shall be equal to the applicable percentage of
10 the lesser of—

11 (i) the amount of such credit determined
12 without regard to this subsection, or

13 (ii) 130 percent of the average amount of
14 such credit of the taxpayer and its predecessors
15 for the three-taxable year period ending with the
16 taxpayer's last taxable year ending before Au-
17 gust 1, 1990 (not taking into account years in
18 which the taxpayer or any predecessor was not in
19 existence).

20 If neither the taxpayer nor any predecessor has a taxable
21 year ending before August 1, 1990, the amount under clause
22 (ii) shall be treated as being equal to the amount of such
23 credit of the taxpayer for its first taxable year ending on or
24 after August 1, 1990 (adjusted as provided by the Secretary
25 in the case of a short taxable year).

1 (2) For purposes of this subsection, the applicable per-
 2 centage for any taxable year in the transition period shall be
 3 determined in accordance with the following table:

In the case of the following year in such period:	The applicable percentage is:
1st taxable year	75 percent
2nd taxable year	50 percent
3rd taxable year	25 percent
4th and following taxable year	0 percent

4 (3) For purposes of this subsection, the term “transition
 5 period” means, with respect to any taxpayer, the period be-
 6 ginning with the taxpayer’s second taxable year beginning
 7 after the date of the ratification under section 101(f) of the
 8 Puerto Rico Status Referendum Act.

9 (c)(1) In the case of taxable years ending on or after the
 10 date of proclamation of independence under section 307, sec-
 11 tion 933 of the Internal Revenue Code of 1986 shall continue
 12 to apply, but only with respect to bona fide residents of
 13 Puerto Rico—

14 (A) who are citizens of the United States under
 15 the provisions of the Puerto Rican Federal Relations
 16 Act (commonly known as the “Jones Act”, 48 U.S.C.
 17 731 et seq.) and the Immigration and Nationality Act
 18 (8 U.S.C. 1101 et seq.) solely by reason of—

19 (i) being born in Puerto Rico,
 20 (ii) being a child of parents who are citizens
 21 of the United States under such Acts solely by
 22 reason of being born in Puerto Rico, or

1 (iii) being described in both clause (i) and
2 clause (ii), and

3 (B) who, during such taxable year, have neither—

4 (i) earned income (as defined in section
5 911(d)(2) of such Code) in excess of the maximum
6 amount of foreign earned income which may be
7 excluded for such taxable year under section 911
8 of such Code, nor

9 (ii) income other than earned income (as so
10 defined) in excess of the sum of such individual's
11 standard deduction and the deductions for person-
12 al exemptions allowable under such Code to such
13 individual for such taxable year.

14 (2) If an individual described in paragraph (1) of this
15 subsection is married to an individual not described in such
16 paragraph, paragraph (1) shall apply to the individual de-
17 scribed in such paragraph only if such individuals file sepa-
18 rate income tax returns.

19 (d)(1) In the case of calendar years beginning after the
20 date of the ratification under section 101(f) of the Puerto
21 Rico Status Referendum Act, notwithstanding section 7652
22 of the Internal Revenue Code of 1986 and section 4 of the
23 Act of April 12, 1900 (31 Stat. 78), the amount of taxes and
24 customs duties covered into the treasury of Puerto Rico

1 under such sections shall be equal to the applicable percent-
 2 age of such taxes and customs duties.

3 (2) For purposes of paragraph (1), the applicable per-
 4 centage shall be determined in accordance with the following
 5 table:

In the case of the:	The applicable percentage is:
1st year	80 percent
2nd year	60 percent
3rd year	40 percent
4th year	20 percent
5th and following years	0 percent

6 (e)(1) Except as provided in paragraph (2), for any cal-
 7 endar year beginning after the date of the ratification under
 8 section 101(e) of the Puerto Rico Status Referendum Act—

9 (A) clause (i) of section 42(h)(3)(C) of the Internal
 10 Revenue Code of 1986 shall not apply with respect to
 11 Puerto Rico, and

12 (B) section 42(h)(4) of such Code shall not apply
 13 to any building placed in service in Puerto Rico after
 14 the calendar year in which such date occurs.

15 (2) For purposes of paragraph (1)(B), a building shall be
 16 treated as placed in service before the first calendar year be-
 17 ginning after the date of the ratification under section 101(f)
 18 of the Puerto Rico Status Referendum Act if—

19 (A) the bonds with respect to such building are
 20 issued before such first calendar year,

21 (B) the taxpayer's basis in the project (of which
 22 the building is a part), as of the close of the calendar

1 year in which such date occurs, is more than 10 per-
2 cent of the estimated project costs, and

3 (C) such building is placed in service before the
4 beginning of the third calendar year beginning after
5 such date.

6 (f) Section 103(a) of the Internal Revenue Code of 1986
7 shall continue to apply to bonds issued by Puerto Rico or any
8 political subdivision on or before (but not after) the last day of
9 the fifth calendar year beginning after the date of the ratifica-
10 tion under section 101(f) of the Puerto Rico Status Referen-
11 dum Act.

12 (g) In the case of any transfer of property after Septem-
13 ber 27, 1990, and before the date of proclamation of inde-
14 pendence under section 307 by a donor to whom section
15 2501(c) of the Internal Revenue Code of 1986 applies by
16 reason of being a resident of Puerto Rico—

17 (1) if such donor dies on or after such date of
18 proclamation of independence, the value of such prop-
19 erty shall be included in the donor's gross estate if the
20 donor or the donor's spouse retains directly or indirect-
21 ly any beneficial interest in such property as of the
22 date of death or disposes of such interest within three
23 years before such date of death, and

24 (2) for purposes of applying subtitle B of such
25 Code to any transfer, or to the estate of any decedent

1 dying, after such date of proclamation of independence,
2 such transfer of property shall be taken into account in
3 computing taxable gifts and adjusted taxable gifts.

4 **SEC. 317. CURRENCY AND FINANCE.**

5 (a) The Joint Transition Commission established under
6 section 305 shall establish a Task Force on Currency and
7 Finance to negotiate an agreement to assist the Republic of
8 Puerto Rico in the design and establishment of a deposit in-
9 surance system, to determine the extent of financial support
10 to be provided for the system by United States insurance
11 organizations in which Puerto Rico's financial institutions
12 currently participate, and to make the necessary arrange-
13 ments with respect to the use of United States currency by
14 the Republic of Puerto Rico if so requested by the Republic.
15 Any such agreement shall be approved in accordance with
16 the constitutional processes of Puerto Rico and the United
17 States.

18 (b) The guarantees provided by the Government of the
19 United States to investors in the secondary market for exist-
20 ing loans, particularly mortgage loans guaranteed by the
21 Government National Mortgage Association (GNMA), the
22 Federal National Mortgage Association (FNMA), the Federal
23 Home Loan Mortgage Corporation (FHLM) and other United
24 States Government instrumentalities, shall be maintained for

1 Puerto Rico-originated loans existing on the date of the pro-
2 clamation until maturity.

3 **SEC. 318. PUBLIC DEBT.**

4 The debts, liabilities, and obligations of the Common-
5 wealth of Puerto Rico, its municipalities and instrumental-
6 ities, valid and outstanding upon the date of the proclamation
7 of independence, shall be assumed by the Republic of Puerto
8 Rico.

9 **TITLE IV—COMMONWEALTH**

10 **SEC. 401. PROVISIONS.**

11 Should Commonwealth be ratified under section 101(f)
12 of the Puerto Rico Status Referendum Act, the provisions of
13 this title shall go into effect.

14 **SEC. 402. PRINCIPLES OF COMMONWEALTH.**

15 (a) The Commonwealth of Puerto Rico is a unique jurid-
16 ical status, created as a compact between the People of
17 Puerto Rico and the United States, under which Puerto Rico
18 enjoys sovereignty, like a State, to the extent provided by the
19 Tenth Amendment to the United States Constitution and in
20 addition with autonomy consistent with its character, culture
21 and location. This relationship is permanent unless revoked
22 by mutual consent.

23 (b) The policy of the United States shall be to enhance
24 the Commonwealth relationship enjoyed by the Common-
25 wealth of Puerto Rico and the United States to enable the

1 people of Puerto Rico to accelerate their economic and social
2 development, to attain maximum cultural autonomy, to seek
3 fair treatment in Federal programs, and in matters of govern-
4 ment to take into account local conditions in Puerto Rico.

5 (c) The United States citizenship of persons born in
6 Puerto Rico shall continue to be guaranteed and infeasible
7 to the same extent as that of citizens born in the several
8 States.

9 **SEC. 403. APPLICATION OF FEDERAL LAW.**

10 (a) Notwithstanding any other provision of law, the
11 Governor of the Commonwealth of Puerto Rico may certify
12 from time to time to the Speaker of the House of Representa-
13 tives and the President of the Senate, that the Legislature of
14 the Commonwealth of Puerto Rico has adopted a resolution
15 that states that a Federal law or provision thereof should no
16 longer apply to the Commonwealth of Puerto Rico because
17 there is no overriding national interest in having such Feder-
18 al law be applicable in the Commonwealth of Puerto Rico
19 and such applicability does not serve the interests of the
20 people of the Commonwealth of Puerto Rico. A Federal law
21 or laws or provision thereof so certified shall no longer apply
22 to the Commonwealth of Puerto Rico if a joint resolution
23 approving the recommendation of the Government of the
24 Commonwealth of Puerto Rico is enacted.

1 (b)(1) This subsection is enacted by the Congress as an
2 exercise of the rulemaking power of the Senate and the
3 House of Representatives, respectively, and as such it is
4 deemed a part of the rules of each House, respectively, but is
5 applicable only with respect to the procedure to be followed
6 in this subsection; and it supersedes other rules only to the
7 extent that it is inconsistent therewith.

8 (2) For purposes of this subsection, the term “resolu-
9 tion” means only a joint resolution, the matter after the re-
10 solving clause of which is as follows: “That the House of
11 Representatives and the Senate approve the recommendation
12 of the Government of the Commonwealth of Puerto Rico in
13 the certification submitted to the Congress on (date) ”. Such
14 resolution shall also include the certification received from
15 the Governor of the Commonwealth of Puerto Rico and a
16 copy of the resolution adopted by the Legislature of the Com-
17 monwealth of Puerto Rico.

18 (3) A resolution once introduced with respect to such a
19 certification by the Governor of the Commonwealth of Puerto
20 Rico shall immediately be referred by the Speaker of the
21 House of Representatives and the President of the Senate, as
22 the case may be, to the House Committee on Interior and
23 Insular Affairs and to the Senate Committee on Energy and
24 Natural Resources and at the same time to such other com-

1 mittees as the Speaker of the House of Representatives or
2 the President of the Senate, respectively, shall determine.

3 (4)(A) If the committee or committees to which a resolu-
4 tion with respect to a certification by the Governor of the
5 Commonwealth of Puerto Rico has been referred has not re-
6 ported it at the end of forty-five calendar days after its refer-
7 ral, it shall be in order to move to discharge the committee
8 from further consideration of such resolution.

9 (B) A motion of discharge may be made only by an indi-
10 vidual favoring the resolution and shall be highly privileged
11 (except that it may not be made after the committee has re-
12 ported a resolution with respect to the same submittal), and
13 debate thereon shall be limited to not more than one hour, to
14 be divided equally between those favoring and those opposing
15 the resolution. An amendment to the motion shall not be in
16 order, and it shall not be in order to more to reconsider the
17 vote by which the motion was agreed to or disagreed to.

18 (C) If the motion to discharge is agreed to or disagreed
19 to, the motion may not be renewed, nor may another motion
20 to discharge the committee be made with respect to any
21 other resolution with respect to the same submittal.

22 (5)(A) When the last committee has reported, or has
23 been discharged from further consideration of a resolution, it
24 shall be at any time thereafter in order (even though a previ-
25 ous motion to the same effect has been disagreed to) to move

1 to proceed to the consideration of the resolution. The motion
2 shall be highly privileged and shall not be debatable. An
3 amendment to the motion shall not be in order, and it shall
4 not be in order to move to reconsider the vote by which the
5 motion was agreed to or disagreed to.

6 (B) Debate on the resolution referred to in subparagraph
7 (A) of this paragraph shall be limited to not more than ten
8 hours, which shall be divided equally between those favoring
9 and those opposing such resolution. A motion to further limit
10 debate shall not be debatable. An amendment to or motion to
11 recommit the resolution shall not be in order, and it shall not
12 be in order to move to reconsider the vote by which such
13 resolution was agreed to or disagreed to.

14 (6)(A) Motions to postpone, made with respect to the
15 discharge from committee, or the consideration of a resolu-
16 tion and motions to proceed to the consideration of other
17 business, shall be decided without debate.

18 (B) Appeals from the decision of the Chair relating to
19 the application of the rules of the Senate or the House of
20 Representatives, as the case may be, to the procedure relat-
21 ing to a resolution shall be decided without debate.

22 (7) Notwithstanding any of the provisions of this subsec-
23 tion, if a House has approved a resolution with respect to a
24 submittal, then it shall not be in order to consider in that

1 House any other resolution with respect to the same such
2 submittal.

3 (8) For the purpose of this subsection—

4 (A) continuity of session is broken only by an ad-
5 journment of the Congress sine die; and

6 (B) the days on which either House is not in ses-
7 sion because of any adjournment of more than three
8 days to a day certain are excluded in the computation
9 of any period of time in which Congress is in continu-
10 ous session.

11 (c) This section shall not apply to—

12 (1) any Federal statutory law, or provisions there-
13 of, establishing directly or indirectly grants and/or
14 services to citizens of the United States as individuals;

15 (2) any Federal statutory law, or provisions there-
16 of, relating to legislative matters within the jurisdiction
17 of the Committee on Finance, or the Committee on
18 Agriculture, Nutrition, and Forestry, of the Senate;

19 (3) any Federal statutory law or provisions thereof
20 relating to citizenship; or

21 (4) any Federal statutory law or provisions thereof
22 pertaining to the foreign relations, defense, or national
23 security.

24 (d) The Governor of Puerto Rico may enter into interna-
25 tional agreements to promote the international interests of

1 Puerto Rico as authorized by the President of the United
2 States and consistent with the laws and international obliga-
3 tions of the United States.

4 **SEC. 404. REGULATORY REVIEW.**

5 (a) For the purposes of this section, the definitions in
6 title 5, United States Code, section 551, apply.

7 (b) All agencies shall be guided by the policy stated in
8 section 402 when carrying out their duties under statutes and
9 rules applicable in or affecting the Commonwealth of Puerto
10 Rico. Any agency that engages in rulemaking pursuant to
11 title 5, United States Code, section 553, shall include in the
12 concise general statement of the basis and purpose of any
13 final rules adopted in response to any data, views, or argu-
14 ments submitted to it that raise a question of the consistency
15 of such rules with such policy.

16 (c) When an agency published in the Federal Register
17 any final rule (other than a rule issued after notice and hear-
18 ing required by statute), that does by its terms apply in the
19 Commonwealth of Puerto Rico, the Governor of the Com-
20 monwealth of Puerto Rico may submit to the agency within
21 thirty days (or such longer period as the agency may have
22 prescribed as the period between publication of the rule and
23 its effectiveness the Governor's determination that such rule
24 is inconsistent with such policy and, if appropriate, of how it
25 could be made consistent. Thereupon, the agency shall recon-

1 sider the question of the consistency of its rule with such
2 policy and shall, within forth-five days of its receipt of the
3 Governor's determination, publish in the Federal Register its
4 finding either—

5 (1) that—

6 (A) by the terms of the statute pursuant to
7 which the rule is made the agency has no discre-
8 tion to make the rule inapplicable in the Common-
9 wealth of Puerto Rico or to vary the terms of the
10 rule in its application to the Commonwealth or,

11 (B) there is a national interest that the rule
12 be applicable in Puerto Rico in the terms in which
13 it was published, or

14 (2) that the rule is not consistent with such policy,
15 in which case the rule, whether or not previously ap-
16 plicable in the Commonwealth of Puerto Rico in ac-
17 cordance with its terms as published, shall not be so
18 applicable or shall be applicable only in accordance
19 with the terms specified in the agency's finding.

20 (3) Within sixty days of the publication by an
21 agency of the finding provided for in paragraph (1) the
22 Governor of the Commonwealth of Puerto Rico, if ag-
23 grieved by such finding, may petition for review there-
24 of in the United States Court of Appeals of the First
25 Circuit or the District of Columbia Circuit. In any such

1 review proceeding the scope of review shall be as pre-
2 scribed in section 706 of title 5, United States Code.
3 Federal courts shall have no jurisdiction to entertain
4 any action brought by any other party challenging
5 agency compliance with this subsection.

6 (d) This section shall not apply to any rule issued pursu-
7 ant to any Federal law, or provision thereof, relating to legis-
8 lative matters within the jurisdiction of the Committee on
9 Finance, or the Committee on Agriculture, Nutrition, and
10 Forestry, of the Senate, as described in paragraph 1(i) of
11 Rule XXV of the Standing Rules of the Senate (as in effect
12 on the date of the enactment of this Act).

13 **SEC. 405. AVIATION.**

14 The officials of the Department of State and the Depart-
15 ment of Transportation shall seek the advice of appropriate
16 officials of the Commonwealth of Puerto Rico when negotiat-
17 ing any air transportation agreements which would affect air
18 traffic to or from the Commonwealth of Puerto Rico.

19 **SEC. 406. CARIBBEAN BASIN ECONOMIC RECOVERY ACT**
20 **AMENDMENTS.**

21 (a) Section 214(c) of the Caribbean Basin Economic Re-
22 covery Act (19 U.S.C. 2703 note) is amended—

23 (1) by striking “the treasuries of Puerto Rico or”
24 and inserting “the treasury of”, and

1 (2) by striking “produced in Puerto Rico or” and
2 inserting “produced in”.

3 (b) The amendments made by subsection (a) shall take
4 effect on the first day of the fifth calendar year following the
5 calendar year in which the date of the ratification under sec-
6 tion 101(f) of the Puerto Rico Status Referendum Act occurs.

7 **SEC. 407. FEDERAL PROGRAMS.**

8 (a) **GRANT CONSOLIDATION.**—Section 501 of Public
9 Law 95–134 (91 Stat. 1159, 1164) as amended, is further
10 amended—

11 (1) by deleting “Virgin Islands,” and inserting in
12 lieu thereof “Virgin Islands, Puerto Rico,”; and

13 (2) by adding at the end of subsection (a) the fol-
14 lowing new sentence: “In the case of Puerto Rico, no
15 consolidation of such grants may be made with respect
16 to any programs established or operated under the
17 Social Security Act or the Food Stamp Act of 1977.”.

18 (b) **NUTRITION ASSISTANCE AND FOOD STAMP PRO-**
19 **GRAM.**—

20 (1) **INCREASED FUNDING LEVELS FOR THE NU-**
21 **TRITION ASSISTANCE PROGRAM IN PUERTO RICO.**—
22 Notwithstanding any other provision of law from the
23 sums appropriated under the Food Stamp Act of 1977,
24 the Secretary of Agriculture shall pay to the Common-
25 wealth of Puerto Rico, the addition to the amounts re-

1 quired to be paid by the Secretary to the Common-
2 wealth of Puerto Rico under subparagraph (A) of sec-
3 tion 19(a)(1) of the Food Stamp Act of 1977 (7 U.S.C.
4 2028(a)(1)(A)), the following additional sums for the
5 years described—

6 (A) \$112,500,000, for the fiscal year begin-
7 ning on October 1 of the first calendar year after
8 the date of the ratification of the “Common-
9 wealth” status option by the people of Puerto
10 Rico (hereinafter referred to in this subsection as
11 the “first fiscal year after ratification”);

12 (B) \$250,000,000, for the fiscal year imme-
13 diately following the first fiscal year after ratifica-
14 tion; and

15 (C) \$337,500,000, for the second fiscal year
16 after the first fiscal year after ratification.

17 (2) **FOOD STAMP PROGRAM.**—Beginning on the
18 first day of October prior to January 1 of the fifth cal-
19 endar year following the calendar year in which the
20 ratification under section 101(e) of the Puerto Rico
21 Status Referendum Act occurs:

22 (A) Puerto Rico shall participate in the food
23 stamp program under the Food Stamp Act of
24 1977 on equal footing with any other State of the

1 United States except as provided in section 19 of
2 such Act; and

3 (B) the block grant program authorized
4 under section 19 of such Act for Puerto Rico is
5 terminated.

6 (3) AMENDMENTS TO THE FOOD STAMP ACT OF
7 1977.—Beginning on the first day of October prior to
8 January 1 of the fifth calendar year following the cal-
9 endar year in which the ratification under section
10 101(e) of the Puerto Rico Status Referendum Act
11 occurs, section 19 of the Food Stamp Act of 1977 (7
12 U.S.C. 2028) is amended to read as follows:

13 “SEC. 19 (a). SPECIAL RULES.—Notwithstanding any
14 other provision of this Act, the Commonwealth of Puerto
15 Rico shall participate in the program under the requirements
16 of this Act except as follows:

17 “(1) a household within such Commonwealth shall
18 be ineligible to participate in the food stamp program
19 (notwithstanding the provisions of section 5(c) of the
20 Act) if such household’s income, after the exclusions
21 are made as provided for in section 5(d) of such Act
22 and before the deductions in such income are made
23 under section 5(e) of such Act, exceeds 65 percent of
24 the poverty line as defined in section 5(c)(1) of such
25 Act;

1 “(2) the standard deduction for purposes of deter-
2 mining benefits in such Commonwealth shall be 59 per
3 centum of the standard deduction determined under
4 section 5(e) of the Act for the forty-eight contiguous
5 States and the District of Columbia; and

6 “(3) the maximum excess shelter expense deduc-
7 tion to which a household within the Commonwealth
8 may be entitled shall be thirty-five per centum of the
9 maximum excess shelter expenses deduction deter-
10 mined for the forty-eight contiguous States and the
11 District of Columbia under paragraph (2) of the fourth
12 sentence of section 5(e) of the Food Stamp Act of
13 1977 for the household.

14 “(b) The Commonwealth of Puerto Rico shall par-
15 ticipate in the program under the requirements of this
16 Act except that the Commonwealth must make bene-
17 fits available through the use of intelligent benefit
18 cards, other automated or electronic delivery system,
19 or other benefit delivery system specifically designed to
20 promote the integrity of the program.

21 (4) **LEGAL RIGHT TO ADDITIONAL SUMS.—**
22 Unless otherwise provided through legislation providing
23 Federal revenues, the Secretary of Treasury is re-
24 quired to pay to the Secretary of Agriculture all addi-
25 tional amounts required to be paid by the Secretary of

1 Agriculture to the Commonwealth of Puerto Rico
2 under the Puerto Rico Status Referendum Act to oper-
3 ate the Nutrition Assistance Program under section 19
4 of the Food Stamp Act. The Commonwealth of Puerto
5 Rico is legally entitled to receive from the Secretary of
6 Agriculture such additional amounts.

7 **SEC. 408. CONSULTATION IN APPOINTEES AND NOMINATIONS.**

8 (a) In considering the qualifications of persons who may
9 be appointed to serve as: Supervisor, Caribbean National
10 Forest; Superintendent, San Juan Historic Site; Manager,
11 Department of Housing and Urban Development, San Juan;
12 Director, Caribbean Field Office, Environmental Protection
13 Agency; Director, Farmer's Home Administration, San
14 Juan; District Director, United States Customs Service, San
15 Juan; District Director, Small Business Administration; and
16 District Director, Immigration and Naturalization Service;
17 the head of such department or agency shall consult with the
18 Governor or other appropriate official in Puerto Rico as to
19 whether there are special circumstances or qualifications
20 which should be considered in making the appointment.

21 (b) Prior to nominating any person to serve in Puerto
22 Rico whose appointment requires the advice and consent of
23 the Senate of the United States, the President shall consult
24 with the Governor as to whether there are any special cir-
25 cumstances or qualifications which should be considered in

1 deciding on a nomination. Nothing in this section requires or
2 prohibits the disclosure of individuals under consideration for
3 such position nor as a limitation on the ability of the heads of
4 agencies to appoint, or the President to nominate any individ-
5 ual. This subsection shall not apply with respect to any posi-
6 tion in the Armed Forces of the United States, the Coast
7 Guard, and in agencies engaged in law enforcement.

8 **SEC. 409. PUERTO RICO LIAISON OFFICE.**

9 (a) There is hereby established the Office of Senate Liai-
10 son for the Commonwealth of Puerto Rico ("Office"). The
11 Office shall be headed by an individual appointed by the Gov-
12 ernor of Puerto Rico and who shall serve at the pleasure of
13 the Governor and who shall be known as the Puerto Rico
14 Liaison. The purposes of the Office shall be to facilitate the
15 exchange of information between the Senate and the Govern-
16 ment of Puerto Rico.

17 (b) The Committee on Rules and Administration shall
18 determine what facilities and services shall be available to
19 such Office. All personnel of such Office shall be issued such
20 identification as will entitle them to the same privileges as
21 are afforded to employees of the Congressional Research
22 Service and no employee of the Office shall be permitted
23 privilege of the Senate floor.

24 (c) There are authorized to be appropriated annually
25 \$600,000 for salaries and \$56,000 for office expenses of the

1 Office. The Liaison shall appoint and fix the compensation of
2 such personnel as may be necessary to carry out the duties
3 and functions of the Office. All personnel of the Office, in-
4 cluding the Liaison, while not employees of the Senate, shall,
5 other than as provided in subsection (b), be treated as if they
6 were employees of the Senate with respect to pay and em-
7 ployment benefits, rights, privileges, and restrictions and
8 shall be subject to all requirements otherwise applicable to
9 employees of the Senate.

10 (d) The Office shall be subject to the jurisdiction of the
11 Committee on Rules and Administration.

12 **SEC. 410. PASSPORTS.**

13 (a) The following new section shall be added to title 22
14 as section 211b:

15 **“SECTION 211b. UNITED STATES PASSPORT OFFICE IN PUERTO**
16 **RICO.**

17 “The Secretary of State shall establish a Passport
18 Office for the Caribbean located in San Juan, Puerto Rico.”.

19 (b) The Secretary of State and the Attorney General of
20 the United States shall consult with the Governor of Puerto
21 Rico to determine what administrative actions can be taken
22 to expedite the processing of visas and also to provide an
23 expedited consideration of visas where the Governor makes
24 such a request to accommodate an individual or individuals
25 who have been invited to Puerto Rico by the Governor and

1 shall report to Congress on such consultations and adminis-
2 trative action by March 15, 1993.

3 **SEC. 411. COMMUNITY VALUES.**

4 (a) For purposes of this section—

5 (1) “antitrust laws” has the meaning given such
6 term in the first section of the Clayton Act (15 U.S.C.
7 12) and shall also include section 5 of the Federal
8 Trade Commission Act (15 U.S.C. 45);

9 (2) “person in the television industry” means a
10 television network, any entity which produces pro-
11 gramming for television distribution, including theatri-
12 cal motion pictures, the National Cable Television As-
13 sociation, the Association of Independent Television
14 Stations, Inc., the National Association of Broadcast-
15 ers, the Motion Picture Association of America, and
16 each of the networks’ affiliate organizations, and televi-
17 sion stations and cable television operators licensed to
18 operate in Puerto Rico and shall include any individual
19 acting on behalf of such person; and

20 (3) “telecast” means any program broadcast by a
21 television broadcast station or transmitted by a cable
22 television system.

23 (b) The antitrust laws shall not apply to any joint discus-
24 sion, consideration, review, action or agreement by or among
25 persons in the television industry for the purpose of, and lim-

1 ited to, developing and disseminating voluntary guidelines de-
2 signed to (1) alleviate the negative impact of violence in tele-
3 cast material, (2) alleviate the negative impact of illegal drug
4 use in telecast material, and (3) alleviate the negative impact
5 of sexually explicit material in telecast material, and promote
6 local programming in the Commonwealth of Puerto Rico.

7 (c)(1) The exemption provided in subsection (b) shall not
8 apply to any joint discussion, consideration, review, action, or
9 agreement which results in a boycott of any person.

10 (2) The exemption provided in subsection (b) shall apply
11 only to activities conducted within thirty-six months after the
12 date of enactment of this Act, but may be extended for other
13 thirty-six-month periods upon declaration by the Governor of
14 Puerto Rico.

15 **SEC. 412. FEDERAL PROPERTIES.**

16 (a)(1) The President shall report to Congress by
17 March 15, 1993, on the Federal properties listed in para-
18 graph (3). The report shall include an assessment of the Fed-
19 eral need for each property, the costs or benefits, or both, of
20 disposal of each property, and the comments of the Govern-
21 ment of the Commonwealth of Puerto Rico regarding each
22 property.

23 (2) Unless the President finds that there is a national
24 interest which requires continued Federal ownership of each
25 property, then he shall provide for the transfer of such prop-

1 erties to the Commonwealth of Puerto Rico according to
2 such terms as he determines to be appropriate with respect to
3 each.

4 (3) The Federal properties listed in this paragraph are—

5 (A) Former Stop 7½ Naval Residence;

6 (B) San Geronimo Quarters;

7 (C) Custom House in San Juan;

8 (D) Custom House in Mayaguez;

9 (E) Custom House in Ponce;

10 (F) Custom House in Fajardo; and

11 (G) Coast Guard facility at Puntilla.

12 **SEC. 413. SAN JUAN NATIONAL HISTORIC SITE ADVISORY**
13 **COMMISSION.**

14 (a) There is hereby established a commission to be
15 known as the San Juan National Historic Site Advisory
16 Commission (“the commission”) which shall regularly advise
17 the Secretary of the Interior (“the Secretary”) on the oper-
18 ation, management, and administration of the San Juan Na-
19 tional Historic Site (“the site”).

20 (b) The commission shall consist of the Governor of the
21 Commonwealth of Puerto Rico (or the Governor’s designee),
22 the Director of the National Park Service (or the Director’s
23 designee), three members to be appointed by the Governor of
24 the Commonwealth of Puerto Rico, and three members to be
25 appointed by the Secretary. One of the members appointed

1 by the Governor and one member appointed by the Secretary
2 shall serve as cochairpersons of the commission.

3 (c)(1) Members appointed to the commission by the Gov-
4 ernor and the Secretary shall be appointed for a term of four
5 years. A member may serve after the expiration of his term
6 until his successor has taken office.

7 (2) Any vacancy on the commission shall be filled in the
8 manner the original appointment was made.

9 (3) Members of the commission shall receive no addi-
10 tional pay, allowances, or benefits as a result of their service
11 on the commission, but the Secretary may pay expenses rea-
12 sonably incurred in carrying out their responsibilities under
13 this section on vouchers signed by the cochairpersons;

14 (4) A majority of the members of the commission shall
15 constitute a quorum but a lesser number may hold hearings.
16 Each member of the commission shall be entitled to one vote,
17 which shall be equal to the vote of every other member of the
18 commission.

19 (5) The provisions of section 14(b) of the Federal Advi-
20 sory Committee Act (Act of October 6, 1972; 86 Stat. 776)
21 are hereby waived with respect to the commission.

22 (d) The Secretary shall from time to time, but at least
23 annually, meet with the commission on matters relating to
24 the planning, management and administration of the site.
25 Such meetings shall be open to the public and shall be held at

1 such times and in such places as to encourage public partici-
2 pation. The commission shall provide the public with ade-
3 quate notice of such meetings.

4 (e) The commission shall prepare annually and transmit
5 to the Secretary, the Committee on Energy and Natural Re-
6 sources of the United States Senate, and the Committee on
7 Interior and Insular Affairs of the United States House of
8 Representatives, a report containing such information and
9 recommendations regarding the operation, management, and
10 administration of the site as the commission deems desirable,
11 including but not limited to recommendations with respect to
12 the version of the general management plan for the site.

13 **SEC. 414. TAXATION.**

14 (a)(1) Section 936(a)(2)(B) of the Internal Revenue Code
15 of 1986 shall be applied—

16 (A) in the case of a corporation's 4th taxable year
17 beginning after the date of the ratification under sec-
18 tion 101(f) of the Puerto Rico Status Referendum Act,
19 by substituting "80 percent" for "75 percent", and

20 (B) in the case of a corporation's subsequent tax-
21 able years, by substituting "85 percent" for "75 per-
22 cent".

23 (2) For purposes of paragraph (1), a taxpayer whose 1st
24 taxable year begins after the date of ratification under section
25 101(f) of the Puerto Rico Status Referendum Act shall be

1 treated as if such taxpayer had such a taxable year (and sub-
 2 sequent taxable years) in effect on (and after) such date.

3 (b)(1) In the case of each fiscal year which begins in a
 4 calendar year beginning after the date of the ratification
 5 under section 101(f) of the Puerto Rico Status Referendum
 6 Act, notwithstanding section 7652 of the Internal Revenue
 7 Code of 1986 and section 4 of the Act of April 12, 1990 (31
 8 Stat. 78), the amount of taxes and customs duties covered
 9 into the treasury of Puerto Rico under such sections shall be
 10 reduced (but not below zero) by the greater of the basic re-
 11 duction under paragraph (2) or the excess of—

12 (A) the amounts payable with respect to such year
 13 to Puerto Rico under parts A and E of title IV, title
 14 XVI (as in effect before the date of the enactment of
 15 Public Law 92-603), and title XIX of the Social Secu-
 16 rity Act, over

17 (B) the sum of the amount determined under para-
 18 graph (3), plus \$161,000,000.

19 (2) For purposes of paragraph (1), the basic reduction
 20 shall be determined in accordance with the following table:

**“In the case of the
 following years to which
 this subsection applies:**

	The basic reduction is:
1st	\$120,000,000
2nd	\$250,000,000
3rd.....	\$325,000,000
4th.....	\$443,000,000
5th and subsequent.....	\$422,000,000

1 (3) For purposes of paragraph (1)(B), the amount deter-
 2 mined under this paragraph is determined in accordance with
 3 the following table:

“In the case of the following years to which this subsection applies:	The reduction is:
1st	\$0
2nd	\$0
3rd.....	\$30,000,000
4th.....	\$80,000,000
5th and subsequent.....	\$101,000,000

4 (4)(A) In the case of the 5th and following fiscal years to
 5 which paragraph (1) applies, there shall be substituted for the
 6 \$422,000,000 amount in the table under paragraph (2) and
 7 for the \$101,000,000 amount in the table under paragraph
 8 (3), respectively, an amount equal to such amount multiplied
 9 by the applicable ratio.

10 (B) The applicable ratio for any fiscal year is the per-
 11 centage arrived at by dividing—

12 (i) the gross national product for the calendar year
 13 preceding the calendar year in which the fiscal year
 14 begins, by

15 (ii) the gross national product for the 2nd calendar
 16 year beginning after the date of the ratification under
 17 section 101(f) of the Puerto Rico Status Referendum
 18 Act.

19 (C) The gross national product for any calendar year is
 20 the last determination of such gross national product pub-
 21 lished as of October 1 of the succeeding calendar year by the

1 Bureau of Economic Analysis of the Department of Com-
2 merce.

3 **SEC. 415. OPERATION OF AND TRANSITION FOR CERTAIN**
4 **ENTITLEMENTS.**

5 (A)(1) Except as otherwise provided in this subsection, if
6 Commonwealth for Puerto Rico is ratified under section
7 101(f) of the Puerto Rico Status Referendum Act, the Secre-
8 tary of Health and Human Services (hereafter in this section
9 referred to as the "Secretary") shall provide, beginning on
10 January 1 of the 2nd calendar year beginning after the date
11 of the ratification under section 101(f) of the Puerto Rico
12 Status Referendum Act, and subject to paragraph (2), that no
13 payments be made to the Commonwealth of Puerto Rico
14 under title XVI of the Social Security Act (as in effect before
15 the date of the enactment of Public Law 92-603), or under
16 titles I, X, or XIV of the Social Security Act, or under title
17 XIX of the Social Security Act unless the Secretary deter-
18 mines that assistance levels applicable to aged, blind, or dis-
19 abled in Puerto Rico under titles, I, X, XIV, or XVI are set
20 at levels consistent with the levels provided under section
21 1611(a)(1)(A) and 1611(b)(1) of the Social Security Act ad-
22 justed so as not to exceed 50 percent of the per capita income
23 of Puerto Rico (as determined on the basis of the most recent
24 reliable data available from the Secretary of Commerce), and
25 under section 1611(a)(2)(A) and 1611(b)(2) of the Social Se-

1 curity Act adjusted so as not to exceed 75 percent of the per
2 capita income of Puerto Rico (as determined on the basis of
3 the most recent reliable data available from the Secretary of
4 Commerce). The Secretary shall promulgate the amounts de-
5 termined under this paragraph for Puerto Rico at the same
6 time and in the same manner as amounts are promulgated for
7 cost of living adjustments in benefits under section 1617 of
8 the Social Security Act.

9 (2) Beginning on January 1 of the 2nd calendar year
10 beginning after the date of the ratification under section
11 101(e) of the Puerto Rico Status Referendum Act, the provi-
12 sions described in paragraph (1), shall be implemented on a
13 modified basis providing that benefit levels under any of the
14 programs described in paragraph (1) shall after any reduction
15 under the per capita limitation described in paragraph (1) be
16 set at—

17 (A) 25 percent of the otherwise applicable level in
18 such 2nd calendar year;

19 (B) 50 percent of such level in the calendar year
20 immediately following such 2nd calendar year; and

21 (C) 75 percent of such level in the 2nd calendar
22 year following such 2nd calendar year.

23 (b)(1) Beginning on January 1 of the 2nd calendar year
24 beginning after the date of the ratification under section
25 101(f) of the Puerto Rico Status Referendum Act, Federal

1 funding of the Aid to Families with Dependent Children pro-
2 gram provided under part A of title IV of the Social Security
3 Act shall be set at 50 percent of the total cost of providing
4 benefits under such program.

5 (2) Beginning on January 1 of the second calendar year
6 beginning after the date of the ratification under section
7 101(f) of the Puerto Rico Status Referendum Act, the limita-
8 tion on expenditures provided for under section 1108 of the
9 Social Security Act shall not apply with respect to expendi-
10 tures under the Aid to Families with Dependent Children
11 program operated in Puerto Rico.

12 (c)(1) The Medicaid program provided for under title
13 XIX of the Social Security Act shall continue to operate in
14 Puerto Rico as it is operated on the date of the enactment of
15 this Act, except as may be provided for through agreement of
16 the Government of Puerto Rico and the Secretary.

17 (2) Beginning on January 1 of the second calendar year
18 beginning after the date of the ratification under section
19 101(f) of the Puerto Rico Status Referendum Act, the limita-
20 tion on expenditures provided for under section 1108 of the
21 Social Security Act shall not apply with respect to expendi-
22 tures under the Medicaid program operated in Puerto Rico,
23 except that for the first three fiscal years beginning after the
24 end of the calendar year in which the date of the ratification
25 under section 101(f) of the Puerto Rico Status Referendum

1 Act occur Federal payments to Puerto Rico with respect to
2 title XIX of the Social Security Act shall not exceed an
3 amount equal to \$79,000,000, increased by the applicable
4 percentage of the excess of the amount payable without
5 regard to such section 1108 over \$79,000,000. The applica-
6 ble percentage is 25 percent for the 1st such fiscal year, 50
7 percent for the second such fiscal year, and 75 percent for
8 the third such fiscal year.

9 (d) The Secretary shall reduce the amounts otherwise
10 payable to Puerto Rico under parts A and E of title IV, title
11 XVI (as in effect before the date of the enactment of Public
12 Law 92-603), and title XIX of Social Security Act with re-
13 spect to expenditures under such titles for any fiscal year
14 beginning after the end of the calendar year in which the date
15 of the ratification under section 101(f) of the Puerto Rico
16 Status Referendum Act occurs to the extent that the sum of
17 such amount exceeds the sum of—

18 (1) \$161,000,000, plus

19 (2) the amount which, but for the provisions of
20 section 414(b) of this Act, would have been covered
21 over to Puerto Rico for excise taxes and custom duties
22 under the laws in effect as of January 1, 1990, plus

23 (3) the amount determined under section 414(b)(3)
24 of this Act. The Secretary of the Treasury shall make
25 an annual determination of such amount and provide

1 for appropriate adjustment in such amount as deter-
2 mined for prior years.

3 (e) The Medicare Hospital Insurance Benefits for the
4 Aged and Disabled program provided for under part A of title
5 XVIII of the Social Security Act shall continue to operate in
6 Puerto Rico as it is operated on the date of the enactment of
7 this Act, except that, the Prospective Payment Assessment
8 Commission shall examine current levels of reimbursement
9 under such part and advise the Secretary within six months
10 of the date of the enactment of this Act as to whether the
11 system in place on the date of the enactment of this Act
12 accurately and appropriately reflects cost differentials be-
13 tween Puerto Rico and the States. The Secretary shall, if
14 such study finds that the system in effect on the date of the
15 enactment of this Act does not accurately reflect such cost
16 differentials, submit to the appropriate committees of Con-
17 gress within six months of the date of completion of such
18 study a legislative proposal to correct any deficiencies in the
19 reimbursement system.

20 (f)(1) Except as provided in paragraph (2), in the case of
21 any fiscal year, beginning with the fifth fiscal year beginning
22 after the date of the ratification under section 101(f) of the
23 Puerto Rico Status Referendum Act, Puerto Rico shall be
24 treated as a State for purposes of determining the amount of

1 its allocation of funds under title XX of the Social Security
2 Act.

3 (2) Notwithstanding section 2003(b) of the Social Secu-
4 rity Act, Puerto Rico Shall be responsible for 50 percent of
5 the cost of the allocation of funds described in paragraph (1).

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