



AMERICANS for TAX REFORM

May 24, 2016

The Honorable Tom MacArthur
United States House of Representatives
506 Cannon House Office Building
Washington, DC 20515

Dear Congressman MacArthur,

I write in support of your amendment to H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) calling for pro-growth tax relief as the solution to Puerto Rico's long-term economic stagnation.

Puerto Rico is more than \$70 billion in debt following a decade long recession. The island has no way of paying this back and will soon default on over \$2 billion in bonds, including \$800 million in constitutionally guaranteed bonds. **Congress must act, and PROMESA is the best, most realistic, pro-taxpayer solution to Puerto Rico's fiscal woes.** Importantly, this legislation contains no bailout and does not retroactively grant the island super chapter 9 bankruptcy.

Although PROMESA addresses the immediate crisis, it is also important to promote pro-growth reforms as the solution to Puerto Rico's underlying economic growth problem.

One cause of this is Puerto Rico being treated as a foreign country for tax purposes. As a result, American companies face double taxation in Puerto Rico, yet foreign competitors operating in Puerto Rico do not. Allowing free flow of capital between Puerto Rico and the rest of the U.S. would spur investment, create more jobs, and increase wages for the territory.

While it is imperative that Congress passes PROMESA to address the immediate fiscal crisis, lawmakers must also acknowledge the need for pro-growth tax reform. **The best way to ensure long term, permanent growth for Puerto Rico is by facilitating tax reform that encourages competition, innovation, and the free flow of capital as your amendment calls for.**

As such, all Members of Congress should have no hesitation supporting and voting for this important amendment.

Onward,

Grover G. Norquist
President, Americans for Tax Reform

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