

115TH CONGRESS
1ST SESSION

H. R. 2429

To support businesses in Puerto Rico, improve health funding for Puerto Rico, and promote security in Puerto Rico, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2017

Mr. MACARTHUR (for himself, Miss GONZÁLEZ-COLÓN of Puerto Rico, Mr. DUFFY, and Ms. VELÁZQUEZ) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committees on Financial Services, Ways and Means, Energy and Commerce, the Judiciary, Oversight and Government Reform, Education and the Workforce, and Appropriations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To support businesses in Puerto Rico, improve health funding for Puerto Rico, and promote security in Puerto Rico, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Puerto Rico Task Force Economic Empowerment Act of
6 2017”.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—EMPLOYMENT

Subtitle A—Flexibility for Puerto Rico in Small Business Administration
Programs

Sec. 1101. Short title.

Sec. 1102. Definitions.

PART I—LENDING

Sec. 1111. Microloan program for Puerto Rico small business concerns.

Sec. 1112. Fee reductions.

Sec. 1113. Economic stimulus lending program for small businesses.

Sec. 1114. Contribution percentages for 504 projects.

Sec. 1115. Independent subsidy calculation.

PART II—PROCUREMENT

Sec. 1121. Contracting preference for Puerto Rico businesses.

Sec. 1122. Priority for surplus property transfers.

Sec. 1123. Subcontracting incentives for protege firms that are Puerto Rico
businesses.

Sec. 1124. Additional mentor-protege relationships for protege firms that are
Puerto Rico businesses.

PART III—ENTREPRENEURIAL DEVELOPMENT

Sec. 1131. Veteran Business Outreach Center in Puerto Rico.

Sec. 1132. FAST grant program for Puerto Rico.

PART IV—SMALL BUSINESS ADMINISTRATION OVERSIGHT

Sec. 1141. Requirement for the District Director of Puerto Rico.

PART V—DISASTER LOAN PROGRAM EXPANSION

Sec. 1151. Amendment to definition of disaster for 7(b) loans.

PART VI—AMENDMENT TO THE INVESTMENT COMPANY ACT OF 1940

Sec. 1161. Termination of exemption for companies in territories of the United
States.

Subtitle B—Unemployment Pilot Programs

Sec. 1201. Reemployment through demonstration projects.

Sec. 1202. Evaluation of demonstration projects.

Subtitle C—Federal Statistics

Sec. 1301. Authority to transfer Department of Labor appropriations, to in-
clude Puerto Rico in reports of the Bureau of Labor Statistics.

Sec. 1302. Annual report by principal Federal statistical agencies on Puerto Rico.

TITLE II—HEALTH

Subtitle A—Improved Prescription Drug Funding

Sec. 2101. Increasing levels of pharmacy assistance.

Sec. 2102. Treatment of prescription drug assistance to all part D eligibles as medical assistance; no territory match required.

Subtitle B—Additional Provisions

Sec. 2201. Calculation of Medicare DSH payments for IPPS hospitals in Puerto Rico.

Sec. 2202. Administrative flexibility with respect to the territories.

Sec. 2203. Sense of Congress regarding Federal health programs in territories of the United States.

TITLE III—SECURITY

Sec. 3101. Caribbean border counternarcotics strategy.

1 **TITLE I—EMPLOYMENT**

2 **Subtitle A—Flexibility for Puerto**

3 **Rico in Small Business Adminis-**

4 **tration Programs**

5 **SEC. 1101. SHORT TITLE.**

6 This subtitle may be cited as the “Puerto Rico Op-
7 portunity, Small Business Prosperity, and Economic Revi-
8 talization Act of 2017”.

9 **SEC. 1102. DEFINITIONS.**

10 (a) IN GENERAL.—In this subtitle:

11 (1) ADMINISTRATOR.—The term “Adminis-
12 trator” means the Administrator of the Small Busi-
13 ness Administration.

14 (2) OVERSIGHT BOARD TERMINATION DATE.—

15 The term “Oversight Board termination date”
16 means the date on which the Oversight Board estab-

1 lished under section 101 of the Puerto Rico Over-
2 sight, Management, and Economic Stability Act (48
3 U.S.C. 2121) terminates.

4 (3) PUERTO RICO.—The term “Puerto Rico”
5 means the Commonwealth of Puerto Rico.

6 (4) PUERTO RICO BUSINESS.—The term “Puer-
7 to Rico business” means a small business concern
8 that has its principal office located in the Common-
9 wealth of Puerto Rico.

10 (5) SMALL BUSINESS CONCERN.—The term
11 “small business concern” has the meaning given
12 such term under section 3 of the Small Business Act
13 (15 U.S.C. 632).

14 (b) SMALL BUSINESS ACT.—Section 3 of the Small
15 Business Act (15 U.S.C. 632) is amended by adding at
16 the end the following:

17 “(ee) PUERTO RICO BUSINESS.—In this Act, the
18 term ‘Puerto Rico business’ means a small business con-
19 cern that has its principal office located in the Common-
20 wealth of Puerto Rico.”.

PART I—LENDING

**SEC. 1111. MICROLOAN PROGRAM FOR PUERTO RICO
SMALL BUSINESS CONCERNS.**

(a) INCREASE IN ACCESS TO CAPITAL FOR CERTAIN
INTERMEDIARIES.—Section 7(m)(3)(C) of the Small Business Act (15 U.S.C. 636(m)(3)(C)) is amended—

(1) by inserting “and except as provided in
clause (ii)” after “subsection (a)(3)”;

(2) by striking “Notwithstanding” and inserting the following:

“(i) IN GENERAL.—Notwithstanding”;

and

(3) by adding at the end the following:

“(ii) EXCEPTION FOR CERTAIN PUERTO RICO BUSINESSES.—

“(I) IN GENERAL.—No loan shall be made under this subsection if the total amount outstanding and committed to 1 covered intermediary (excluding outstanding grants) from the business loan and investment fund established by this Act would, as a result of such loan, exceed \$6,000,000 in the remaining years of the covered intermediary’s participation in the program.

1 “(II) DEFINITION.—In this
 2 clause, the term ‘covered inter-
 3 mediary’ means an intermediary
 4 that—

5 “(aa) is participating in the
 6 program; and

7 “(bb) submits to the Admin-
 8 istrator a certification that not
 9 less than 20 percent of the
 10 microloans made by the inter-
 11 mediary under this subsection,
 12 during such period as the Admin-
 13 istrator may specify, will be made
 14 to Puerto Rico businesses.”.

15 (b) WAIVER OF 25/75 RULE FOR MICROLOANS TO
 16 PUERTO RICO SMALL BUSINESS CONCERNS.—

17 (1) WAIVER AUTHORIZED.—Section 7(m)(4)(E)
 18 of the Small Business Act (15 U.S.C. 636(m)(4)(E))
 19 is amended—

20 (A) in clause (i), by striking “Each” and
 21 inserting “Except as provided in clause (iii),
 22 each”; and

23 (B) by adding at the end the following:

24 “(iii) EXCEPTION FOR CERTAIN
 25 INTERMEDIARIES.—The Administrator

1 shall waive the requirements of clause (i)
 2 for an intermediary for which not less than
 3 25 percent of the loans made by the inter-
 4 mediary are made to Puerto Rico busi-
 5 nesses.”.

6 (2) STUDY.—Not later than 18 months after
 7 the date of enactment of this Act, the Administrator
 8 shall submit to Congress a report on the impact of
 9 waiving the requirements of section 7(m)(4)(E)(i) of
 10 the Small Business Act for all intermediaries receiv-
 11 ing grant funds under section 7(m)(1)(B)(ii) of the
 12 Small Business Act, which shall include an analysis
 13 of the effectiveness and feasibility of expanding the
 14 waiver to small business concerns nationwide.

15 (c) PROSPECTIVE REPEAL.—Effective on the Over-
 16 sight Board termination date—

17 (1) section 7(m)(3)(C) of the Small Business
 18 Act (15 U.S.C. 636(m)(3)(C)), as amended by sub-
 19 section (a), is amended—

20 (A) by striking “LIMITS.—” and all that
 21 follows through “as provided in clause (ii)” and
 22 inserting “LIMITS.—Notwithstanding subsection
 23 (a)(3)”; and

24 (B) by striking clause (ii); and

1 (2) section 7(m)(4)(E) of the Small Business
2 Act (15 U.S.C. 636(m)(4)(E)), as amended by sub-
3 section (a), is amended—

4 (A) in clause (i), by striking “Except as
5 provided in clause (iii), each” and inserting
6 “Each”; and

7 (B) by striking clause (iii).

8 (d) GAO STUDY.—Not later than 180 days after the
9 date of enactment of this Act, the Comptroller General
10 of the United States shall complete a study and submit
11 to the Committee on Small Business and Entrepreneur-
12 ship of the Senate and the Committee on Small Business
13 of the House of Representatives a report on the following:

14 (1) The operations (including services provided,
15 structure, size, and area of operation) of a rep-
16 resentative sample of—

17 (A) intermediaries that are eligible for par-
18 ticipation in the microloan program under sec-
19 tion 7(m) of the Small Business Act (15 U.S.C.
20 636(m)) and that participate in the microloan
21 program; and

22 (B) intermediaries (including those oper-
23 ated for profit, operated as nonprofit organiza-
24 tions, and affiliated with a United States insti-
25 tution of higher learning (as defined in section

1 3452 of title 38, United States Code)) that are
2 so eligible and that do not participate in the
3 microloan program.

4 (2) The reasons why intermediaries described in
5 paragraph (1)(B) choose not to participate in the
6 microloan program.

7 (3) Recommendations on how to encourage in-
8 creased participation in the microloan program by
9 intermediaries described in paragraph (1)(B).

10 (4) Recommendations for increasing the num-
11 ber of intermediaries located in the territories of the
12 United States or in economically distressed areas (as
13 defined in section 7(m)(11)(D) of the Small Busi-
14 ness Act (15 U.S.C. 636(m)(11)(D))) that are eligi-
15 ble for participation in the microloan program under
16 section 7(m) of such Act.

17 (5) Recommendations on how to decrease the
18 costs associated with participation in the microloan
19 program for eligible intermediaries.

20 **SEC. 1112. FEE REDUCTIONS.**

21 (a) ADMINISTRATIVE PROVISIONS FOR THE SMALL
22 BUSINESS ADMINISTRATION.—

23 (1) DEFINITION.—In this subsection, the term
24 “covered business loan” means a loan—

25 (A) of not more than \$2,000,000;

1 (B) that is guaranteed by the Adminis-
2 trator under section 7(a) of the Small Business
3 Act (15 U.S.C. 636(a));

4 (C) for which the application is approved
5 on or after the date of enactment of this Act;
6 and

7 (D) that is made to a Puerto Rico busi-
8 ness.

9 (2) FEES.—During the period beginning on the
10 date of enactment of this Act and ending on the
11 Oversight Board termination date, and to the extent
12 that the cost of such elimination or reduction of fees
13 is offset by appropriations, with respect to each cov-
14 ered business loan, the Administrator shall—

15 (A) in lieu of the fee otherwise applicable
16 under section 7(a)(23)(A) of the Small Busi-
17 ness Act, collect no fee or reduce fees to the
18 maximum extent possible; and

19 (B) in lieu of the fee otherwise applicable
20 under section 7(a)(18)(A) of the Small Busi-
21 ness Act, collect no fee or reduce fees to the
22 maximum extent possible.

23 (b) TEMPORARY FEE ELIMINATION FOR THE 504
24 LOAN PROGRAM.—

1 (1) IN GENERAL.—During the period beginning
2 on the date of enactment of this Act and ending on
3 the Oversight Board termination date, and to the ex-
4 tent the cost of such elimination in fees is offset by
5 appropriations, with respect to each loan of not more
6 than \$2,000,000 guaranteed by the Administrator
7 under title V of the Small Business Investment Act
8 of 1958 (15 U.S.C. 695 et seq.) with respect to a
9 development company that has its principal office lo-
10 cated in Puerto Rico and for which an application
11 is approved or pending approval on or after the date
12 of enactment of this Act—

13 (A) the Administrator shall, in lieu of the
14 fee otherwise applicable under section 503(d)(2)
15 of the Small Business Investment Act of 1958
16 (15 U.S.C. 697(d)(2)), collect no fee; and

17 (B) a development company shall, in lieu
18 of the processing fee under section
19 120.971(a)(1) of title 13, Code of Federal Reg-
20 ulations (relating to fees paid by borrowers), or
21 any successor thereto, collect no fee.

22 (2) REIMBURSEMENT FOR WAIVED FEES.—

23 (A) IN GENERAL.—To the extent that the
24 cost of such payments is offset by appropria-
25 tions, the Administrator shall reimburse each

1 development company that does not collect a
2 processing fee under paragraph (1)(B).

3 (B) AMOUNT.—The reimbursement to a
4 development company under subparagraph (A)
5 shall be in an amount equal to 1.5 percent of
6 the net debenture proceeds for which the devel-
7 opment company does not collect a processing
8 fee under paragraph (1)(B).

9 (c) APPLICATION OF FEE ELIMINATIONS.—To the
10 extent that amounts are made available to the Adminis-
11 trator for the purpose of fee eliminations or reductions
12 under subsection (a), the Administrator shall—

13 (1) first use any amounts provided to eliminate
14 or reduce fees paid by borrowers under clauses (i),
15 (ii), and (iii) of section 7(a)(18)(A) of the Small
16 Business Act (15 U.S.C. 636(a)(18)(A)), to the
17 maximum extent possible;

18 (2) to the extent amounts provided remain after
19 use in accordance with paragraph (1), use any
20 amounts provided to eliminate or reduce fees under
21 section 7(a)(23)(A) of the Small Business Act (15
22 U.S.C. 636(a)(23)(A)) paid by lenders with assets of
23 not more than \$1,000,000,000, as of the date of en-
24 actment of this Act; and

1 (3) to the extent amounts provided remain after
 2 use in accordance with paragraphs (1) and (2), use
 3 any remaining amounts provided to reduce fees
 4 under section 7(a)(23)(A) of the Small Business Act
 5 paid by lenders other than those described under
 6 paragraph (2).

7 **SEC. 1113. ECONOMIC STIMULUS LENDING PROGRAM FOR**
 8 **SMALL BUSINESSES.**

9 (a) **AUTHORITY.**—Notwithstanding section 7(a) of
 10 the Small Business Act (15 U.S.C. 636(a)), for a quali-
 11 fying small business loan the Administrator may guar-
 12 antee not more than 90 percent of the balance of the fi-
 13 nancing outstanding at the time of disbursement of the
 14 loan, if such balance is less than or equal to \$2,000,000.

15 (b) **QUALIFYING SMALL BUSINESS LOAN DE-**
 16 **FINED.**—For purposes of this section, the term “quali-
 17 fying small business loan” means any loan to a Puerto
 18 Rico business made pursuant to section 7(a) of the Small
 19 Business Act (15 U.S.C. 636(a)), except for such loans
 20 made under section 7(a)(31) of such Act (15 U.S.C.
 21 636(a)(31)).

22 (c) **QUALIFIED BORROWERS.**—

23 (1) **ALIENS UNLAWFULLY PRESENT IN THE**
 24 **UNITED STATES.**—The Administrator may not guar-
 25 antee a loan made under this section to a small busi-

1 ness concern if an individual who is an alien unlaw-
2 fully present in the United States—

3 (A) has an ownership interest in that con-
4 cern; or

5 (B) has an ownership interest in another
6 concern that itself has an ownership interest in
7 that concern.

8 (2) FIRMS IN VIOLATION OF IMMIGRATION
9 LAWS.—The Administrator may not guarantee a
10 loan made under this section to any entity, based on
11 a determination by the Secretary of Homeland Secu-
12 rity or the Attorney General, found to have engaged
13 in a pattern or practice of hiring, recruiting, or re-
14 ferring for a fee for employment in the United
15 States an alien, if such entity knows that the person
16 is an unauthorized alien.

17 (d) CRIMINAL BACKGROUND CHECKS.—Prior to
18 guaranteeing a loan made under this section, the Adminis-
19 trator may verify the applicant’s criminal background, or
20 lack thereof, through the best available means, including,
21 if possible, use of the National Crime Information Center
22 computer system at the Federal Bureau of Investigation.

23 (e) APPLICATION OF OTHER LAW.—Nothing in this
24 section shall be construed to exempt any activity of the

1 Administrator under this section from the Federal Credit
2 Reform Act of 1990.

3 (f) SMALL BUSINESS ACT PROVISIONS.—The provi-
4 sions of the Small Business Act applicable to loan guaran-
5 tees under section 7 of that Act and regulations promul-
6 gated thereunder as of the date of enactment of this Act
7 shall apply to loan guarantees under this section except
8 as otherwise provided in this section.

9 (g) SUNSET.—The Administrator may not guarantee
10 a loan made under this section after the Oversight Board
11 termination date.

12 **SEC. 1114. CONTRIBUTION PERCENTAGES FOR 504**
13 **PROJECTS.**

14 Notwithstanding section 502(3) of the Small Busi-
15 ness Investment Act of 1958 (15 U.S.C. 696(3)), during
16 the period beginning on the date of enactment of this Act
17 and ending on the Oversight Board termination date, the
18 Administrator may guarantee a debenture issued by a de-
19 velopment company that has its principal office located in
20 Puerto Rico if, of the total cost of the project financed—

- 21 (1) 50 percent is derived from a loan from a
22 private sector lender;
- 23 (2) 45 percent is derived from a loan made
24 from the proceeds of such debenture issued by the
25 development company; and

1 (3) 5 percent is provided by the borrower of
2 such loans.

3 **SEC. 1115. INDEPENDENT SUBSIDY CALCULATION.**

4 In making calculations under section 7(a)(26) of the
5 Small Business Act (15 U.S.C. 636(a)(26)) or section
6 503(g) of the Small Business Investment Act of 1958 (15
7 U.S.C. 697(g)), the Director of the Office of Management
8 and Budget shall make such calculations separately for
9 loans purchased or guaranteed under the authority under
10 section 1112, 1113, or 1114 of this Act.

11 **PART II—PROCUREMENT**

12 **SEC. 1121. CONTRACTING PREFERENCE FOR PUERTO RICO**
13 **BUSINESSES.**

14 Section 15 of the Small Business Act (15 U.S.C. 644)
15 is amended by adding at the end the following:

16 “(u) CONTRACTING PREFERENCE FOR PUERTO RICO
17 BUSINESSES.—

18 “(1) CONTRACTING PREFERENCE.—An agency
19 shall provide a contracting preference for a Puerto
20 Rico business during the period beginning on the
21 date of enactment of this subsection and ending on
22 the date on which the Oversight Board established
23 under section 101 of the Puerto Rico Oversight,
24 Management, and Economic Stability Act (48
25 U.S.C. 2121) terminates. The preference under this

1 subsection shall take priority over any preference for
 2 purchasing from the procurement list established
 3 pursuant to section 8503 of title 41, United States
 4 Code, or the Federal Prison Industries catalog de-
 5 scribed under section 4124(d) of title 18, United
 6 States Code.

7 “(2) CREDIT FOR MEETING CONTRACTING
 8 GOALS.—If an agency awards a contract to a Puerto
 9 Rico business as described in paragraph (1), the
 10 value of the contract shall be doubled for purposes
 11 of determining compliance with the goals for pro-
 12 curement contracts under subsection (g)(1)(A).”.

13 **SEC. 1122. PRIORITY FOR SURPLUS PROPERTY TRANSFERS.**

14 Section 7(j)(13)(F) of the Small Business Act (15
 15 U.S.C. 636(j)(13)(F)) is amended by adding at the end
 16 the following:

17 “(iii)(I) In this clause, the term ‘covered period’
 18 means the period beginning on the date of enact-
 19 ment of this clause and ending on the date on which
 20 the Oversight Board established under section 101
 21 of the Puerto Rico Oversight, Management, and
 22 Economic Stability Act (48 U.S.C. 2121) termi-
 23 nates.

24 “(II) The Administrator may transfer tech-
 25 nology or surplus property under clause (i) on a pri-

1 ority basis to a Puerto Rico business if the Puerto
 2 Rico business meets the requirements for such a
 3 transfer, without regard to whether the Puerto Rico
 4 business is a Program Participant.”.

5 **SEC. 1123. SUBCONTRACTING INCENTIVES FOR PROTEGE**
 6 **FIRMS THAT ARE PUERTO RICO BUSINESSES.**

7 Section 45(a) of the Small Business Act (15 U.S.C.
 8 657r(a)) is amended by adding at the end the following:

9 “(3) PUERTO RICO SMALL BUSINESS CON-
 10 CERNS.—

11 “(A) IN GENERAL.—During the period be-
 12 ginning on the date of enactment of this para-
 13 graph and ending on the date on which the
 14 Oversight Board established under section 101
 15 of the Puerto Rico Oversight, Management, and
 16 Economic Stability Act (48 U.S.C. 2121) termi-
 17 nates, the Administrator shall provide addi-
 18 tional incentives to covered mentors, including
 19 providing additional credit for subcontracts
 20 awarded to covered proteges and costs incurred
 21 for providing training to covered proteges.

22 “(B) DEFINITIONS.—In this paragraph—

23 “(i) the term ‘covered mentor’ means
 24 a mentor that enters into an agreement
 25 under this Act, or under any mentor-pro-

1 tege program approved under subsection
 2 (b)(1), with a covered protege; and
 3 “(ii) the term ‘covered protege’ means
 4 a protege—
 5 “(I) of a covered mentor; and
 6 “(II) that has its principal office
 7 located in the Commonwealth of Puer-
 8 to Rico.”.

9 **SEC. 1124. ADDITIONAL MENTOR-PROTEGE RELATION-**
 10 **SHIPS FOR PROTEGE FIRMS THAT ARE PUER-**
 11 **TO RICO BUSINESSES.**

12 Section 45(b)(3)(A) of the Small Business Act (15
 13 U.S.C. 657r(b)(3)(A)) is amended by inserting “, except
 14 that such restrictions shall not apply to a relationship that
 15 was entered into before the date on which the Oversight
 16 Board established under section 101 of the Puerto Rico
 17 Oversight, Management, and Economic Stability Act (48
 18 U.S.C. 2121) terminates and in which the principal office
 19 of the protege is located in the Commonwealth of Puerto
 20 Rico” after “each participant”.

21 **PART III—ENTREPRENEURIAL DEVELOPMENT**

22 **SEC. 1131. VETERAN BUSINESS OUTREACH CENTER IN**
 23 **PUERTO RICO.**

24 (a) IN GENERAL.—Section 32 of the Small Business
 25 Act (15 U.S.C. 657b) is amended—

1 (1) by redesignating subsection (f) as sub-
2 section (g); and

3 (2) by inserting after subsection (e) the fol-
4 lowing:

5 “(f) VETERAN BUSINESS OUTREACH CENTER IN
6 PUERTO RICO.—The Administrator shall partner with an
7 organization to establish a Veteran Business Outreach
8 Center in the Commonwealth of Puerto Rico to provide
9 entrepreneurial development services to small business
10 concerns owned and controlled by service-disabled veterans
11 and small business concerns owned and controlled by vet-
12 erans located in the Commonwealth of Puerto Rico. If the
13 Administrator cannot partner with an organization, the
14 Administrator shall use amounts appropriated to carry out
15 this subsection to provide such services to veterans who
16 own or are considering starting a Puerto Rico business.”.

17 (b) PROSPECTIVE REPEAL.—Effective on the Over-
18 sight Board termination date, section 32 of the Small
19 Business Act (15 U.S.C. 657b), as amended by subsection
20 (a), is amended—

21 (1) by striking subsection (f); and

22 (2) by redesignating subsection (g) as sub-
23 section (f).

1 **SEC. 1132. FAST GRANT PROGRAM FOR PUERTO RICO.**

2 (a) IN GENERAL.—Section 34 of the Small Business
3 Act (15 U.S.C. 657d) is amended by adding at the end
4 the following:

5 “(j) FAST GRANT PROGRAM FOR PUERTO RICO.—

6 “(1) ESTABLISHMENT.—The Administrator
7 shall establish a program that shall be part of the
8 FAST program to make awards to, or enter into co-
9 operative agreements with, a Puerto Rico business.

10 “(2) TECHNICAL ASSISTANCE.—If no applicant
11 is selected to receive assistance under this sub-
12 section, the Administrator shall use amounts appro-
13 priated to carry out this subsection to provide busi-
14 ness advice and counseling to a Puerto Rico busi-
15 ness.

16 “(3) WAIVER OF MATCHING REQUIREMENTS.—
17 The Administrator may, upon application, waive the
18 matching requirements under subsection (e)(2) for
19 an applicant that receives an award or has in effect
20 a cooperative agreement under this subsection.

21 “(4) FUNDING.—There is authorized to be ap-
22 propriated \$100,000 for fiscal year 2018, and each
23 fiscal year thereafter, to carry out this subsection.”.

24 (b) PROSPECTIVE REPEAL.—Effective on the Over-
25 sight Board termination date, section 34 of the Small

1 Business Act (15 U.S.C. 657d), as amended by subsection
2 (a), is amended by striking subsection (j).

3 **PART IV—SMALL BUSINESS ADMINISTRATION**

4 **OVERSIGHT**

5 **SEC. 1141. REQUIREMENT FOR THE DISTRICT DIRECTOR**
6 **OF PUERTO RICO.**

7 (a) IN GENERAL.—During the period beginning on
8 the date of enactment of this Act and ending on the Over-
9 sight Board termination date, the director of the district
10 office of the Small Business Administration located in
11 Puerto Rico shall submit directly to Congress and the Ad-
12 ministrator an annual report on the activities of the Small
13 Business Administration in Puerto Rico.

14 (b) COORDINATION.—In preparing each report de-
15 scribed in subsection (a), the director described in such
16 subsection shall consult with other Federal agencies to col-
17 lect data on grants, programs, and outreach activities car-
18 ried out by such agencies that affect any Puerto Rico busi-
19 ness.

20 **PART V—DISASTER LOAN PROGRAM EXPANSION**

21 **SEC. 1151. AMENDMENT TO DEFINITION OF DISASTER FOR**
22 **7(b) LOANS.**

23 (a) IN GENERAL.—Section 3(k)(2) of the Small Busi-
24 ness Act (15 U.S.C. 632(k)(2)) is amended—

1 (1) in subparagraph (B), by striking “and” at
2 the end;

3 (2) in subparagraph (C), striking the period
4 and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(D) communicable diseases for which the Fed-
7 eral Government issues a travel alert or travel warn-
8 ing.”.

9 (b) APPLICABILITY.—The amendment made by sub-
10 section (a) shall apply to a communicable disease—

11 (1) for which the Federal Government issues a
12 travel alert or travel warning before, on, or after the
13 date of enactment of this Act; and

14 (2) the effects of which are experienced on or
15 after the date of enactment of this Act.

16 **PART VI—AMENDMENT TO THE INVESTMENT**
17 **COMPANY ACT OF 1940**

18 **SEC. 1161. TERMINATION OF EXEMPTION FOR COMPANIES**
19 **IN TERRITORIES OF THE UNITED STATES.**

20 (a) IN GENERAL.—Section 6(a) of the Investment
21 Company Act of 1940 (15 U.S.C. 80a–6(a)) is amended—

22 (1) by striking paragraph (1); and

23 (2) by redesignating paragraphs (2) through
24 (5) as paragraphs (1) through (4), respectively.

25 (b) EFFECTIVE DATE AND SAFE HARBOR.—

1 (1) EFFECTIVE DATE.—Except as provided in
2 paragraph (2), the amendment made by subsection
3 (a) shall take effect on the date of enactment of this
4 Act.

5 (2) SAFE HARBOR.—With respect to a company
6 that is exempt under section 6(a)(1) of the Invest-
7 ment Company Act of 1940 (15 U.S.C. 80a–
8 6(a)(1)), as in effect on the day before the date of
9 enactment of this Act, the amendment made by sub-
10 section (a) shall take effect on the date that is 3
11 years after the date of enactment of this Act.

12 (3) EXTENSION OF SAFE HARBOR.—The Secu-
13 rities and Exchange Commission, by rule and regula-
14 tion upon its own motion, or by order upon applica-
15 tion, may conditionally or unconditionally, under sec-
16 tion 6(c) of the Investment Company Act of 1940
17 (15 U.S.C. 80a–6(c)), may further delay the effec-
18 tive date for a company described in paragraph (2)
19 to be not later than the date that is 6 years after
20 the date of enactment of this Act if, before the end
21 of the initial 3-year period, the Commission deter-
22 mines that such a rule, regulation, motion, or order
23 is necessary or appropriate in the public interest and
24 for the protection of investors.

1 **Subtitle B—Unemployment Pilot**
2 **Programs**

3 **SEC. 1201. REEMPLOYMENT THROUGH DEMONSTRATION**
4 **PROJECTS.**

5 (a) MODIFICATION OF NUMERICAL LIMITATION.—
6 Subsection (a) of section 305 of the Social Security Act
7 (42 U.S.C. 505) is amended by inserting “per year” after
8 “10 States”.

9 (b) CLARIFICATION OF APPLICATION REQUIRE-
10 MENTS.—Subsection (b) of such section 305 is amended—

11 (1) by inserting “or his or her designee” after
12 “The Governor of any State”; and

13 (2) by striking paragraph (2) and inserting the
14 following:

15 “(2) for any waiver requested under subsection
16 (c), a statement describing—

17 “(A) the specific provision or provisions of
18 law for which such waiver is requested; and

19 “(B) the specific aspects of the project to
20 which such waiver would apply and the reasons
21 why it is needed;”.

22 (c) EXTENSION OF ELIGIBLE TIME PERIOD.—Sub-
23 section (d) of such section 305 is amended—

1 (1) in paragraph (2), by striking “may not be
2 approved” and inserting “may not be conducted”;
3 and

4 (2) in paragraph (3), by inserting “, or in the
5 case of Puerto Rico, December 31, 2020” after “De-
6 cember 31, 2015”.

7 (d) CLARIFICATION OF DEMONSTRATION ACTIVI-
8 TIES.—Subsection (e) of such section 305 is amended—

9 (1) in paragraph (1), by striking “for employer-
10 provided training, such as” and inserting “to em-
11 ployers or claimants for employer-provided training
12 or”; and

13 (2) in paragraph (2), by striking “receiving un-
14 employment compensation” and all that follows
15 through “prior benefit level” and inserting “receiv-
16 ing unemployment compensation, including disburse-
17 ments used to retain individual employees, not to ex-
18 ceed the weekly benefit amount for each such indi-
19 vidual”.

20 (e) TERMINATION OF DEMONSTRATION PROJECTS.—
21 Subsection (g) of such section 305 is amended to read as
22 follows:

23 “(g) The Secretary of Labor may terminate a dem-
24 onstration project under this section if the Secretary—

1 “(1) determines that the State has violated the
2 substantive terms or conditions of the project;

3 “(2) notifies the State in writing with sufficient
4 detail describing the violation; and

5 “(3) determines that the State has not taken
6 action to correct the violation within 90 days after
7 the notification.”.

8 (f) EFFECTIVE DATE; TRANSITION RULE.—

9 (1) EFFECTIVE DATE.—The amendments made
10 by this section shall take effect on the date of the
11 enactment of this Act.

12 (2) TRANSITION RULE.—

13 (A) IN GENERAL.—Nothing in this Act
14 shall be considered to terminate or otherwise af-
15 fect any demonstration project approved under
16 section 305 of the Social Security Act before
17 the date of the enactment of this Act.

18 (B) ORIGINAL CONDITIONS CONTINUE TO
19 APPLY.—A demonstration project described in
20 subparagraph (A) shall be conducted in the
21 same manner as if subsections (a) through (f)
22 had not been enacted.

1 **SEC. 1202. EVALUATION OF DEMONSTRATION PROJECTS.**

2 (a) IN GENERAL.—Section 305 of the Social Security
3 Act (42 U.S.C. 505) is amended by adding at the end the
4 following:

5 “(i) The Secretary of Labor shall conduct an impact
6 evaluation of each demonstration project conducted under
7 this section, using existing data sources to the extent pos-
8 sible and methodology appropriate to determine the effects
9 of the demonstration project, including on individual skill
10 levels, earnings, and employment retention.”.

11 (b) COOPERATION BY STATE.—Section 305(b) of the
12 Social Security Act (42 U.S.C. 505(b)), as amended by
13 section 1201(b) of this Act, is further amended by striking
14 paragraphs (5) and (6) and inserting the following:

15 “(5) a description of the manner in which the
16 State will determine the extent to which the goals
17 and outcomes described in paragraph (3) were
18 achieved;

19 “(6) assurances that the State will cooperate, in
20 a timely manner, with the Secretary of Labor with
21 respect to the impact evaluation conducted under
22 subsection (i); and”.

23 (c) REPORTING.—Not later than 90 days after the
24 end of fiscal year 2019 and each fiscal year thereafter,
25 until the completion of the last evaluation under section
26 305(i) of the Social Security Act, the Secretary shall sub-

1 mit to the Committee on Ways and Means of the House
2 of Representatives and the Committee on Finance of the
3 Senate, a report that includes a description of—

4 (1) the status of each demonstration project
5 being carried out under this section;

6 (2) the results of the evaluation completed dur-
7 ing the previous fiscal year; and

8 (3) the Secretary’s plan for—

9 (A) disseminating the findings of the re-
10 port to appropriate State agencies; and

11 (B) incorporating the components of suc-
12 cessful demonstration projects that reduced
13 benefit duration and increased employment into
14 Federal unemployment law.

15 (d) PUBLIC DISSEMINATION.—In addition to the re-
16 porting requirements under subparagraph (c), evaluation
17 results shall be shared broadly to inform policymakers,
18 service providers, other partners, and the public in order
19 to promote wide use of successful strategies, including by
20 posting evaluation results on the Internet website of the
21 Department of Labor.

Subtitle C—Federal Statistics

SEC. 1301. AUTHORITY TO TRANSFER DEPARTMENT OF LABOR APPROPRIATIONS, TO INCLUDE PUERTO RICO IN REPORTS OF THE BUREAU OF LABOR STATISTICS.

(a) IN GENERAL.—For fiscal year 2018, in addition to any other authority to transfer an amount appropriated to an account of the Department of Labor, the Secretary of Labor may transfer not more than \$1,800,000 to any account of the Bureau of Labor Statistics from an amount appropriated to any other account of the Department of Labor.

(b) USE OF FUNDS.—Any amount transferred under subsection (a) shall be used solely to study—

(1) the feasibility of expanding the Current Population Survey to produce estimates for Puerto Rico, which would provide data on the labor force, employment, and unemployment from a monthly household survey; and

(2) the feasibility of expanding the Consumer Price Index program to include data from Puerto Rico.

1 **SEC. 1302. ANNUAL REPORT BY PRINCIPAL FEDERAL STA-**
 2 **TISTICAL AGENCIES ON PUERTO RICO.**

3 Each principal Federal statistical agency, as defined
 4 in the most recent report by the Office of Management
 5 and Budget entitled “Statistical Programs of the United
 6 States Government”, shall provide a written report on its
 7 current and planned activities to include Puerto Rico in
 8 its Federal statistical programs, including progress toward
 9 efficiently including Puerto Rico in Federal statistical re-
 10 ports to date, to the Committees on Appropriations of the
 11 House of Representatives and the Senate and the House
 12 Committee on Natural Resources and the Senate Com-
 13 mittee on Energy and Natural Resources, not later than
 14 1 year after the date of the enactment of this Act and
 15 annually thereafter.

16 **TITLE II—HEALTH**
 17 **Subtitle A—Improved Prescription**
 18 **Drug Funding**

19 **SEC. 2101. INCREASING LEVELS OF PHARMACY ASSIST-**
 20 **ANCE.**

21 Section 1935(e)(3)(B) of the Social Security Act (42
 22 U.S.C. 1396u–5(e)(3)(B)) is amended—

23 (1) in clause (ii), by striking “or”;

24 (2) in clause (iii)—

1 (A) by striking “a subsequent year” and
 2 inserting “each of fiscal years 2008 through
 3 2016”; and

4 (B) by striking the period at the end and
 5 inserting a semicolon; and

6 (3) by adding at the end the following clauses:

7 “(iv) fiscal year 2018, is equal to
 8 \$100,000,000; or

9 “(v) each fiscal year after 2018, is
 10 equal to the aggregate amount specified in
 11 this subparagraph for the previous year in-
 12 creased by the annual percentage increase
 13 specified in section 1860D–2(b)(6) for the
 14 year involved.”.

15 **SEC. 2102. TREATMENT OF PRESCRIPTION DRUG ASSIST-**
 16 **ANCE TO ALL PART D ELIGIBLES AS MEDICAL**
 17 **ASSISTANCE; NO TERRITORY MATCH RE-**
 18 **QUIRED.**

19 (a) IN GENERAL.—Section 1935(e) of the Social Se-
 20 curity Act (42 U.S.C. 1396u–5(e)) is amended—

21 (1) by redesignating paragraph (4) as para-
 22 graph (6); and

23 (2) by inserting after paragraph (3) the fol-
 24 lowing new paragraphs:

1 “(4) TREATMENT OF PRESCRIPTION DRUG AS-
2 SISTANCE FURNISHED TO PART D ELIGIBLES.—Not-
3 withstanding any other provision of this title, finan-
4 cial assistance for prescription drug expenses fur-
5 nished under a plan established under this sub-
6 section to a part D eligible individual who would
7 qualify as a subsidy eligible individual under section
8 1860D–14(a)(3) if the individual resided in one of
9 the 50 States or the District of Columbia shall be
10 treated as medical assistance provided by the State
11 plan for purposes of section 1903, without regard to
12 whether such individual otherwise qualifies for med-
13 ical assistance under this title.

14 “(5) NO TERRITORY MATCH REQUIRED.—Not-
15 withstanding section 1905(b), with respect to med-
16 ical assistance furnished to an individual by a State
17 under a plan established under this subsection, the
18 Federal medical assistance percentage shall be equal
19 to 100 percent.”.

20 (b) CONFORMING AMENDMENT.—Section 1905(b) of
21 the Social Security Act (42 U.S.C. 1396d(b)) is amended
22 in the first sentence by striking “and section 1933(d)”
23 and inserting “, section 1933(d), and section 1935(e)(5)”.

24 (c) EFFECTIVE DATE.—The amendments made by
25 this section shall take effect on January 1, 2018.

1 **Subtitle B—Additional Provisions**

2 **SEC. 2201. CALCULATION OF MEDICARE DSH PAYMENTS** 3 **FOR IPPS HOSPITALS IN PUERTO RICO.**

4 Section 1886(d)(9)(D)(iii) of the Social Security Act
 5 (42 U.S.C. 1395ww(d)(9)(D)(iii)) is amended to read as
 6 follows:

7 “(iii) Subparagraph (F) (relating to disproportio-
 8 tionate share payments), including application of
 9 subsection (r), except that for this purpose—

10 “(I) the sum described in clause (ii) of this
 11 subparagraph shall be substituted for the sum
 12 referred to in paragraph (5)(F)(ii)(I); and

13 “(II) for discharges occurring on or after
 14 October 1, 2018, subclause (I) of paragraph
 15 (5)(F)(vi) shall be applied by substituting for
 16 the numerator described in such subclause a
 17 factor determined appropriate by the Sec-
 18 retary.”.

19 **SEC. 2202. ADMINISTRATIVE FLEXIBILITY WITH RESPECT** 20 **TO THE TERRITORIES.**

21 (a) IN GENERAL.—Section 1108 of the Social Secu-
 22 rity Act (42 U.S.C. 1308) is amended by adding at the
 23 end the following:

24 “(h) ADMINISTRATIVE FLEXIBILITY WITH RESPECT
 25 TO THE TERRITORIES.—Notwithstanding any other provi-

1 sion of this Act, with respect to the applicability to Puerto
2 Rico, the United States Virgin Islands, Guam, the North-
3 ern Mariana Islands, and American Samoa of payment
4 formulas under titles XVIII and XIX, the Secretary shall
5 do the following:

6 “(1) Determine the availability of data for pay-
7 ment calculation factors required or authorized by
8 respective payment formulas under such titles.

9 “(2) Determine the sufficiency, relevance and
10 reliability of available data for payment calculation
11 factors to adequately account for variations in stand-
12 ard benefits under programs established under this
13 Act, variations in program penetration, and vari-
14 ations in the cost of delivering care that are unique
15 to such territories.

16 “(3) Determine whether the inclusion of pay-
17 ment calculation factors or certain data sources
18 thereunder, whether prescribed by the respective ti-
19 tles or ordinarily used by the Secretary, dispropor-
20 tionately impact the resulting payment calculation
21 with respect to each such territory, either generally
22 or relative to the States.

23 “(4) Insofar as the Secretary determines in ac-
24 cordance with paragraph (1), (2), or (3) that data
25 are not available, that available data is insufficient

1 to reliably and adequately account for variations in
2 standard benefits under programs established under
3 this Act, variations in program penetration, and
4 variations in the cost of delivering care that are
5 unique to such territories, or to the extent that dis-
6 proportionate impact to such territories would other-
7 wise occur—

8 “(A) establish and apply a proxy for pay-
9 ment calculation factors or substitute data
10 sources where data sources are determined un-
11 available, or as determined necessary to ade-
12 quately reflect variations in standard benefits
13 under programs established under this Act and
14 in the cost of delivering care that are unique to
15 such territories; or

16 “(B) to the extent the inclusion of pay-
17 ment calculation factors or certain data sources
18 thereunder disproportionately impacts the re-
19 sulting payment calculation with respect to each
20 such territory, either generally or relative to the
21 States, disregard the factor or data source or
22 devise and apply an appropriate adjustment
23 factor.

24 “(5) For purposes of extending the full benefits
25 of payments to such territories intended under the

21 SEC. 2203. SENSE OF CONGRESS REGARDING FEDERAL
22 HEALTH PROGRAMS IN TERRITORIES OF THE
23 UNITED STATES.

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1 (1) the territories of the United States should
 2 receive more equitable and sustainable treatment
 3 under Federal health policies and programs, includ-
 4 ing the Medicare and Medicaid programs, in a fis-
 5 cally responsible manner; and

6 (2) the treatment of the territories of the
 7 United States under Federal health programs, with
 8 appropriate Federal oversight, should aim to—

9 (A) improve patient outcomes and
 10 strengthen health care systems in the terri-
 11 tories;

12 (B) mitigate against migration from the
 13 territories to the States and the costs to the
 14 State and Federal governments which are asso-
 15 ciated with such migration; and

16 (C) stabilize and strengthen the fiscal con-
 17 dition of the governments of the territories.

18 **TITLE III—SECURITY**

19 **SEC. 3101. CARIBBEAN BORDER COUNTERNARCOTICS** 20 **STRATEGY.**

21 (a) CARIBBEAN BORDER COUNTERNARCOTICS
 22 STRATEGY.—Not later than 6 months after the date of
 23 enactment of this Act, and every 2 years thereafter, the
 24 Office of National Drug Control Policy shall develop a
 25 Caribbean Border Counternarcotics Strategy, that is made

1 available to the public, with emphasis on the borders of
 2 Puerto Rico and the Virgin Islands of the United States,
 3 on terms substantially equivalent to the existing South-
 4 west Border Counternarcotics Strategy and the Northern
 5 Border Counternarcotics Strategy.

6 (b) AMENDMENTS.—The Office of National Drug
 7 Control Policy Reauthorization Act of 1998 (21 U.S.C.
 8 1701 et seq.) is amended—

9 (1) in section 702 (21 U.S.C. 1701)—

10 (A) by redesignating paragraphs (10)
 11 through (13) as paragraphs (11) through (14),
 12 respectively;

13 (B) by inserting after paragraph (9) the
 14 following new paragraph:

15 “(10) STATE.—The term ‘State’ means the sev-
 16 eral States, the District of Columbia, Puerto Rico,
 17 the Virgin Islands of the United States, American
 18 Samoa, Guam, and the Commonwealth of the North-
 19 ern Mariana Islands.”; and

20 (C) by adding at the end the following new
 21 paragraph:

22 “(15) UNITED STATES.—The term ‘United
 23 States’ when used in the geographic sense, means
 24 the several States, the District of Columbia, Puerto
 25 Rico, the Virgin Islands of the United States, Amer-

1 ican Samoa, Guam, the Commonwealth of the
2 Northern Mariana Islands, and all other territories
3 and possessions of the United States, and any
4 waters within the jurisdiction of the United States.”;
5 and

6 (2) in section 704(b)(13)(B) (21 U.S.C.
7 1703(b)(13)(B)), by inserting “the borders of Puer-
8 to Rico and the Virgin Islands of the United States
9 and” after “in particular”.

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