

WASHINGTON (Reuters) - Sweeping tax code changes aimed at keeping U.S. companies from shifting profits offshore to avoid taxes will not affect the battered economy of Puerto Rico, a senior White House official said on Wednesday. Puerto Rico Governor Ricardo Rossello has said the provisions in a new tax bill passed by Congress could prompt drug and medical device manufacturers to leave the island territory, which is considered a foreign jurisdiction for tax purposes. "I personally do not think that this is going to hurt Puerto Rico," the White House official told reporters, speaking on condition of anonymity. The tax base erosion provisions in the bill provide exemptions for the cost of goods U.S. companies buy offshore, meaning supplies made in Puerto Rico would not be affected, the White House official said. The manufacturing plants are an economic lifeline for 3.4 million Americans in the territory, where the economy never recovered after Congress in 2006 ended a different set of longstanding business tax breaks. Puerto Rico has \$120 billion of combined bond and pension debt and near-insolvent public health systems, and filed the largest-ever U.S. government bankruptcy this year. Three months ago, Hurricane Maria slammed into the island, tearing up homes and the power grid and bringing its economy to a halt. Congress is considering an \$81 billion disaster aid bill - some of which is aimed at Puerto Rico - as part of a must-pass government funding bill.