

116TH CONGRESS 2D SESSION

H. R. 7498

To authorize Federal reserve banks to purchase COVID-19 related municipal issuances, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

July 6, 2020

Ms. Tlaib introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To authorize Federal reserve banks to purchase COVID— 19 related municipal issuances, 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.
- 4 This Act may be cited as the "Uplifting Our Local
- 5 Communities Act".
- 6 SEC. 2. EMERGENCY RELIEF FOR STATE, TERRITORIAL,
- 7 TRIBAL, AND LOCAL GOVERNMENTS.
- 8 (a) Purchase of COVID-19 Related Municipal
- 9 Issuances.—

1	(1) Amendment to authority to buy and
2	SELL BONDS AND NOTES.—Section 14(b) of the
3	Federal Reserve Act (12 U.S.C. 355) is amended by
4	adding at the end the following new paragraph:
5	"(3) Unusual and Exigent Circumstances.—
6	Under unusual and exigent circumstances, to buy any
7	bills, notes, revenue bonds, and warrants issued by any
8	State, county, district, political subdivision, municipality,
9	or entity that is a combination of any of the several States,
10	the District of Columbia, or any of the territories and pos-
11	sessions of the United States. In this paragraph, the term
12	'State' means each of the several States, the District of
13	Columbia, each territory and possession of the United
14	States, and each federally recognized Indian Tribe.".
15	(2) Federal reserve authorization to
16	PURCHASE COVID-19 RELATED MUNICIPAL
17	ISSUANCES.—
18	(A) AUTHORITY.—Within 7 days after the
19	date of the enactment of this subsection, the
20	Board of Governors of the Federal Reserve Sys-
21	tem shall modify the Municipal Liquidity Facil-
22	ity (established on April 9, 2020, pursuant to
23	section 13(3) of the Federal Reserve Act (12

1	(i) ensure such facility is operational
2	until December 31, 2021;
3	(ii) allow for the purchase of bills,
4	notes, bonds, and warrants with maximum
5	maturity of 10 years from the date of such
6	purchase;
7	(iii) ensure that any purchases made
8	are at an interest rate equal to the dis-
9	count window primary credit interest rate
10	most recently published on the Federal Re-
11	serve Statistical Release on selected inter-
12	est rates (daily or weekly), commonly re-
13	ferred to as the "H.15 release" or the
14	"Federal funds rate";
15	(iv) ensure that an eligible issuer does
16	not need to attest to an inability to secure
17	credit elsewhere; and
18	(v) include in the list of eligible
19	issuers for such purchases—
20	(I) any of the territories and pos-
21	sessions of the United States;
22	(II) a political subdivision of a
23	State with a population of more than
24	50,000 residents; and

1	(III) an entity that is a combina-
2	tion of any of the several States, the
3	District of Columbia, or any of the
4	territories and possessions of the
5	United States.

- 6 (b) Establishment of a Long-Term Municipal 7 Borrowing Facility.—
 - (1) IN GENERAL.—Of amounts appropriated under section 4027(a) of the CARES Act (Public Law 116–136) that remain unobligated or unexpended, the Board of Governors and the Secretary of the Treasury shall provide support for long-term municipal borrowing markets in addition to support provided for such markets through the Municipal Liquidity Facility.
 - (2) Goal.—The purpose of support for long-term municipal borrowing markets shall be to ensure that each State, county, district, political subdivision, or municipality in the United States can access capital for long-term capital expenditures, infrastructure projects, and other long-term general obligations at low and stable prices for the entire duration of any economic disruption caused by the COVID-19 pandemic.

- 1 (c) Applicability of the Limitation on Loan
- 2 Forgiveness.—Section 4003(d)(3) of the CARES Act
- 3 (Public Law 116–136) is amended by striking ", State,

4 or municipality".

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