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

IN THE HOUSE OF REPRESENTATIVES

JULY 21, 2020

Ms. TLAIR (for herself, Mr. NEGUSE, Mr. GARCÍA of Illinois, Mr. GREEN of Texas, Mr. HASTINGS, Ms. KAPTUR, Mrs. CAROLYN B. MALONEY of New York, Mr. NADLER, Ms. NORTON, Ms. OCASIO-CORTEZ, Ms. PRESSLEY, Mr. SAN NICOLAS, Mr. SMITH of Washington, Mr. TAKANO, Ms. WATERS, and Mr. HUFFMAN) 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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Uplifting Our Local Communities Act”.

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SEC. 2. EMERGENCY RELIEF FOR STATE, TERRITORIAL, TRIBAL, AND LOCAL GOVERNMENTS.

(a) Purchase of COVID–19 Related Municipal Issuances.—

(1) Amendment to authority to buy and sell bonds and notes.—Section 14(b) of the Federal Reserve Act (12 U.S.C. 355) is amended by adding at the end the following new paragraph:

“(3) Unusual and Exigent Circumstances.—Under unusual and exigent circumstances, to buy any bills, notes, revenue bonds, and warrants issued by any State, county, district, political subdivision, municipality, or entity that is a combination of any of the several States, the District of Columbia, or any of the territories and possessions of the United States. In this paragraph, the term ‘State’ means each of the several States, the District of Columbia, each territory and possession of the United States, and each federally recognized Indian Tribe.”.

(2) Federal Reserve Authorization to Purchase COVID–19 Related Municipal Issuances.—

(A) Authority.—Within 7 days after the date of the enactment of this subsection, the Board of Governors of the Federal Reserve System shall modify the Municipal Liquidity Facility (established on April 9, 2020, pursuant to
section 13(3) of the Federal Reserve Act (12 U.S.C. 343(3))) to—

(i) ensure such facility is operational until December 31, 2021;

(ii) allow for the purchase of bills, notes, bonds, and warrants with maximum maturity of 10 years from the date of such purchase;

(iii) ensure that any purchases made are at an interest rate equal to the discount window primary credit interest rate most recently published on the Federal Reserve Statistical Release on selected interest rates (daily or weekly), commonly referred to as the “H.15 release” or the “Federal funds rate”; 

(iv) ensure that an eligible issuer does not need to attest to an inability to secure credit elsewhere; and

(v) include in the list of eligible issuers for such purchases—

(I) any of the territories and possessions of the United States;
(II) a political subdivision of a State with a population of more than 50,000 residents; and

(III) an entity that is a combination of any of the several States, the District of Columbia, or any of the territories and possessions of the United States.

(b) Establishment of a Long-Term Municipal 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 dura-
tion of any economic disruption caused by the COVID–19 pandemic.

(c) Applicability of the Limitation on Loan Forgiveness.—Section 4003(d)(3) of the CARES Act (Public Law 116–136) is amended by striking “, State, or municipality”.

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