

[Bond Case Briefs](#)

Municipal Finance Law Since 1971

[Update: House Stimulus Bill Includes Fed Municipal Liquidity Facility Modifications](#)

This week, House Leadership released the [HEROES Act](#), a stimulus measure aimed at helping stabilize state and local governments through direct funding. The bill also includes a provision that would modify the Federal Reserves Municipal Liquidity Facility.

The modifications include:

- DC would be treated as an eligible direct issuer;
- The maximum term of MLF loans would be expanded to 10 years;
- Sets rates for MLF loans at federal funds rate;
- Removes the requirement that an issuer must prove and attest to an inability to secure credit elsewhere; and
- Allow territories and political subdivisions with populations of greater than 50,000 to directly access the MLF.

State and Local Provisions

The House draft focuses on the [finances of state, local, and tribal governments](#) providing nearly \$1 trillion of direct funding. This includes:

- States - \$500 billion
- Local governments - \$375 billion
- Territories-\$ 20 billion
- Tribes - \$20 billion

The bill also treats Washington, DC as a state increasing its appropriation, and expands the use of funds to cover lost, delayed, or decreased revenue stemming from the COVID public health emergency, a change from the CARES Act.

BDA will continue to provide updates as they become available.

Bond Dealers of America

May 14, 2020