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## BDA Applauds Senate's Efforts to Support Municipal Market.

Last night, (March 26, 2020) the Senate passed the CARES Act, (H.R. 748), a broad, $2 trillion dollar stimulus package in response to the ongoing COVID-19 pandemic.

The BDA applauds the Senate's quick and effective action to stem the economic uncertainty associated with the virus crisis.

**We note particularly Section 4003 of the Act providing the Treasury and Fed with broader standby authority to support the bond markets during times of particular distress and dysfunction, to the immediate benefit of issuers, investors, tax payers.**

**H.R. 748 would allocate up to $500 billion of cash from the Treasury Department to:**

- Provide liquidity to eligible businesses, States, and municipalities related to losses incurred as a result of coronavirus;
- Treasury would "make loans, loan guarantees, and other investments in support of eligible businesses, States, and municipalities." and
- Some of those funds are earmarked for specified industries like airlines, leaving $454 billion to support Federal Reserve programs for targeted beneficiaries.

**Those funds would be used to support "loans and loan guarantees to, and other investments in" Fed programs "for the purpose of providing liquidity to the financial system that supports lending to eligible businesses, States, or municipalities by:**

- Purchasing obligations or other interests directly from issuers of such obligations or other interests
- Purchasing obligations or other interests in secondary markets or otherwise; and
- Making loans, including loans or other advances secured by collateral."

**It is important to note that this bill authorizes but does not require the Fed to intervene in the markets.**

Also please note that Treasury resources pledged to Fed credit programs can be leveraged as much as 10 to 1, meaning that a $454 billion Treasury commitment could result in up to $4.5 trillion of Fed liquidity. The bill would also provide up to $125 billion in direct support to localities that can help bridge the gap with lagging revenues, especially in light of delayed tax filing deadlines.

The BDA will continue to provide updates as they become available.

**Bond Dealers of America**

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