

# **Bond Case Briefs**

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## **Treasury not Expected to Extend Municipal Liquidity Facility.**

The U.S. Department of Treasury last week responded to written questions from the CARES Act Congressional Oversight panel charged with monitoring the Treasury's stimulus programs, stating that they do not believe that the Municipal Liquidity Facility (MLF) should be extended beyond its current sunset date of December 31, 2020.

These echos recent comments from CARES Act Congressional Oversight Member Senator Pat Toomey (R-PA) calling for the end of the program at years end.

**The letter can be viewed [here](#).**

In their response, Treasury made the case to end the MLF stating:

*"At this time, the Treasury Department does not believe that the Municipal Lending Facility should be extended beyond its current expiration date of December 31, 2020. The Federal Reserve and Treasury continue to monitor market stability and issuer market access in order to determine whether any changes to this expiration date would be warranted," Treasury stated.*

*In another response, Treasury acknowledged that reduced spending by state and local governments, "could contribute to a short-term decline in GDP" but didn't draw any connection to the Fed municipal facility.*

*Further, Treasury also said it doesn't expect any losses on a couple of loans made under the program so far:*

*"While Treasury does not consider taxpayer losses a desirable policy outcome, the incurrence of losses would be acceptable. "*

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

**Bond Dealers of America**

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