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Republican Bid to End Virus Lending Slows Relief Deal.

- **Key GOP lawmakers say bill must include Fed facility stop date**
- **Democrats say the lending programs can continue for years**

Two leading Senate Republicans say that language terminating the Federal Reserve's pandemic lending facilities should be in the economic relief bill — a demand that could slow negotiations as lawmakers look to make a deal.

Senator Pat Toomey of Pennsylvania said Thursday that ending the facilities is a top issue for him to include in the bill. Senator Mike Crapo of Idaho said including language to explicitly wind down the emergency lending programs by the end of the year is becoming a red-line issue for Republicans.

Democrats have said the central bank lending facilities should remain operational until 2026 as a way to help the economy recover from the coronavirus pandemic.

The central bank emergency lending programs, created under the March Cares Act, were intended to prop up struggling small businesses, municipal governments and credit markets. Toomey has said that the programs were always intended to be short-lived and that the law requires them to be terminated by the end of the year.

"It's not acceptable for anybody to decide that they're going to circumvent this law, restart these programs and turn them into something that they were never intended to be," Toomey said in a call with reporters on Thursday.

The Fed lending program dispute is one of several unresolved issues holding up the passage of a government funding and economic relief bill that lawmakers hope to pass in coming days. An eviction moratorium, stimulus payments and funding for the Federal Emergency Management Agency were among the sticking points to finalizing the legislation as of midday Thursday.

The holdup comes as some 11 million people are unemployed, and applications for U.S. state jobless benefits unexpectedly jumped to the highest level in three months. The data, released Thursday, suggests the labor market's recovery is faltering amid the surge in Covid-19 cases and widening business restrictions.

Toomey said on the call that work to end the facilities by year end began in March when the law was written and in July he began additional work on a provision that would make the end date exceedingly clear.

"In the future, if some kind of dire emergency occurs, at that point the Fed and Treasury should come to Congress if they believe any kind of extraordinary program is needed," Toomey told reporters. "What this does is that nobody can revive or create a duplicate of the programs that received Cares Act money."

Democrats have accused Republicans of trying to end the programs and repurpose the money as a way to limit President-elect Joe Biden's Treasury Department.

“They are trying to take away some options for the new president to deal with some challenges to the economy,” Senator Ron Wyden, the top ranking Democrat on the Senate Finance Committee, told reporters Thursday.

Toomey rebuffed that idea saying efforts to end the program began long before the November presidential election.

Fed Chair Jerome Powell has repeatedly noted that the facilities could be renewed using funding from the Treasury’s Exchange Stabilization Fund that pre-dated the infusion from the Cares Act. He made that point again in a Wednesday press briefing.

Wyden said Democrats are conferring with Powell Thursday on the impact of the limits that Republicans are seeking.

Bloomberg

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— *With assistance by Erik Wasson*

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