

# Union Calendar No. 884

115TH CONGRESS  
2D SESSION

# H. R. 4278

[Report No. 115–1117]

To ensure that the operations of the Board of Governors of the Federal Reserve System remain independent from the credit policy of the United States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 2017

Mr. HILL introduced the following bill; which was referred to the Committee on Financial Services

JANUARY 2, 2019

Additional sponsor: Mr. BARR

JANUARY 2, 2019

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on November 7, 2017]

# **A BILL**

To ensure that the operations of the Board of Governors of the Federal Reserve System remain independent from the credit policy of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Independence from Cred-*  
 5 *it Policy Act of 2017”.*

6 **SEC. 2. INDEPENDENCE FROM CREDIT POLICY.**

7 *(a) RETURNING TO A MONETARY POLICY BALANCE*  
 8 *SHEET.—*

9 *(1) IN GENERAL.—Not later than 1 year after*  
 10 *the date of the enactment of this Act—*

11 *(A) the Board of Governors of the Federal*  
 12 *Reserve System shall transfer to the Department*  
 13 *of the Treasury all covered assets that are neither*  
 14 *gold stock, Treasury currency, nor direct obliga-*  
 15 *tions of the United States, foreign central banks,*  
 16 *or the International Monetary Fund; and*

17 *(B) the Secretary of the Treasury shall*  
 18 *transfer to the Federal reserve banks direct obli-*  
 19 *gations of the United States of equivalent market*  
 20 *value to such covered assets.*

21 *(2) COVERED ASSETS DEFINED.—In this sub-*  
 22 *section, the term “covered assets” means all assets—*

23 *(A) purchased through open-market oper-*  
 24 *ations by the Federal reserve banks; or*

1                    *(B) acquired through transactions under the*  
 2                    *following sections of the Federal Reserve Act (12*  
 3                    *U.S.C. 221 et seq.):*

4                    *(i) Section 10A before the date of the*  
 5                    *enactment of this Act.*

6                    *(ii) Section 10B.*

7                    *(iii) Section 13.*

8                    *(iv) Section 13A.*

9                    *(v) Section 24.*

10                  *(b) OPEN MARKET ASSET PURCHASES.—Section 14(b)*  
 11                  *(12 U.S.C. 355) of the Federal Reserve Act (relating to*  
 12                  *“Purchase and sale of obligations of United States, States,*  
 13                  *counties, etc.”) is amended to read as follows:*

14                  *“(b) To buy and sell in the open market, at home or*  
 15                  *abroad, under the direction and regulations of the Federal*  
 16                  *Open Market Committee, gold stock, Treasury currency, or*  
 17                  *direct obligations of the United States, foreign central*  
 18                  *banks, or the International Monetary Fund. Nothing in this*  
 19                  *subsection shall be construed to limit advances under sec-*  
 20                  *tion 10B, or discount loans under sections 13, 13A, or 24.”.*

21                  *(c) MAINTAINING A MONETARY POLICY BALANCE*  
 22                  *SHEET.—*

23                  *(1) ASSETS ACQUIRED UNDER EMERGENCY*  
 24                  *LENDING.—Section 13(3) of the Federal Reserve Act*

(12 U.S.C. 343(3)) is amended by inserting after subparagraph (E) following new subparagraph:

“(F) Not later than 1 year after a Federal reserve bank acquires any assets under this paragraph that are neither gold nor direct obligations of the United States, foreign central banks, or the International Monetary Fund—

“(i) the Board shall transfer such assets of the Federal reserve bank to the Department of the Treasury; and

“(ii) the Secretary of the Treasury shall transfer to the Federal reserve banks direct obligations of the United States of equivalent market value to the assets described in clause (i).”.

(2) *REPEAL OF AUTHORITY TO PROVIDE EMERGENCY ADVANCES TO GROUPS OF MEMBER BANKS.*—Section 10A of the Federal Reserve Act (12 U.S.C. 347a) is repealed.

(3) *ASSETS ACQUIRED THROUGH ADVANCES TO MEMBER BANKS.*—The second undesignated paragraph of subsection (a) of section 10B of the Federal Reserve Act (12 U.S.C. 347b(a)) is amended—

(A) by inserting “not” before “secured by mortgage loans”; and

- 1 *(B) by striking “lowest discount rate” and*
- 2 *inserting “highest discount rate”.*



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