

Union Calendar No. 219

115TH CONGRESS
1ST SESSION

H. R. 1624

[Report No. 115-306]

To require the appropriate Federal banking agencies to treat certain municipal obligations as level 2A liquid assets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2017

Mr. MESSER (for himself, Mrs. CAROLYN B. MALONEY of New York, Mr. HULTGREN, Mr. MEEKS, Ms. KELLY of Illinois, Ms. SEWELL of Alabama, Ms. SINEMA, Mr. KING of New York, Ms. NORTON, Ms. MOORE, Mr. POLIQUIN, Mr. VEASEY, Mr. SHERMAN, and Mr. KIND) introduced the following bill; which was referred to the Committee on Financial Services

SEPTEMBER 12, 2017

Additional sponsors: Mr. HUDSON, Mr. CURBELO of Florida, Mr. ROSS, Ms. VELÁZQUEZ, Mr. DELANEY, and Mr. FITZPATRICK

SEPTEMBER 12, 2017

Reported with amendments, 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 March 20, 2017]

A BILL

To require the appropriate Federal banking agencies to treat certain municipal obligations as level 2A liquid assets, 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 “Municipal Finance Sup-*
5 *port Act of 2017”.*

6 **SEC. 2. TREATMENT OF CERTAIN MUNICIPAL OBLIGATIONS.**

7 *(a) IN GENERAL.—Section 18 of the Federal Deposit*
8 *Insurance Act (12 U.S.C. 1828) is amended—*

9 *(1) by moving subsection (z) so that it appears*
10 *after subsection (y); and*

11 *(2) by adding at the end the following:*

12 *“(aa) TREATMENT OF CERTAIN MUNICIPAL OBLIGA-*
13 *TIONS.—*

14 *“(1) IN GENERAL.—For purposes of the final*
15 *rule titled ‘Liquidity Coverage Ratio: Liquidity Risk*
16 *Measurement Standards; Final Rule’ (79 Fed. Reg.*
17 *61439; published October 10, 2014) (the ‘Final Rule’)*
18 *and any other regulation which incorporates a defini-*
19 *tion of the term ‘high-quality liquid asset’, the appro-*
20 *priate Federal banking agencies shall treat a munic-*
21 *ipal obligation that is both liquid and readily mar-*
22 *ketable (as defined in the Final Rule) and investment*
23 *grade as of the calculation date as a high-quality liq-*
24 *uid asset that is no lower than a level 2B liquid asset.*

1 “(2) *DEFINITIONS.*—*For purposes of this sub-*
 2 *section:*

3 “(A) *INVESTMENT GRADE.*—*With respect to*
 4 *an obligation, the term ‘investment grade’ has*
 5 *the meaning given that term under part 1 of*
 6 *title 12, Code of Federal Regulations.*

7 “(B) *MUNICIPAL OBLIGATION.*—*The term*
 8 *‘municipal obligation’ means an obligation of a*
 9 *State or any political subdivision thereof, or any*
 10 *agency or instrumentality of a State or any po-*
 11 *litical subdivision thereof.”.*

12 (b) *AMENDMENT TO LIQUIDITY COVERAGE RATIO*
 13 *REGULATIONS.*—*Not later than the end of the 3-month pe-*
 14 *riod beginning on the date of the enactment of this Act,*
 15 *the Federal Deposit Insurance Corporation, the Board of*
 16 *Governors of the Federal Reserve System, and the Comp-*
 17 *troller of the Currency shall amend the final rule titled “Li-*
 18 *quidity Coverage Ratio: Liquidity Risk Measurement*
 19 *Standards; Final Rule” (79 Fed. Reg. 61439; published Oc-*
 20 *tober 10, 2014) to implement the amendments made by this*
 21 *Act.*

Amend the title so as to read: “A bill to require the appropriate Federal banking agencies to treat certain municipal obligations as no lower than level 2B liquid assets, and for other purposes.”.

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