

## HR 2551

### Municipal Market Liquidity Enhancement Act of 2009

**Congress:** 111 (2009–2011, Ended)

**Chamber:** House

**Policy Area:** Finance and Financial Sector

**Introduced:** May 21, 2009

**Current Status:** Referred to House Ways and Means

**Latest Action:** Referred to House Ways and Means (May 21, 2009)

**Official Text:** <https://www.congress.gov/bill/111th-congress/house-bill/2551>

## Sponsor

**Name:** Rep. Foster, Bill [D-IL-14]

**Party:** Democratic • **State:** IL • **Chamber:** House

## Cosponsors (10 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Andrews, Robert E. [D-NJ-1]	D · NJ		May 21, 2009
Rep. Baca, Joe [D-CA-43]	D · CA		May 21, 2009
Rep. Cleaver, Emanuel [D-MO-5]	D · MO		May 21, 2009
Rep. Connolly, Gerald E. [D-VA-11]	D · VA		May 21, 2009
Rep. Frank, Barney [D-MA-4]	D · MA		May 21, 2009
Rep. Kanjorski, Paul E. [D-PA-11]	D · PA		May 21, 2009
Rep. Moran, James P. [D-VA-8]	D · VA		May 21, 2009
Rep. Waters, Maxine [D-CA-35]	D · CA		May 21, 2009
Rep. Hodes, Paul W. [D-NH-2]	D · NH		Jun 11, 2009
Rep. Shea-Porter, Carol [D-NH-1]	D · NH		Jun 18, 2009

## Committee Activity

Committee	Chamber	Activity	Date
Financial Services Committee	House	Referred To	May 21, 2009
Ways and Means Committee	House	Referred To	May 21, 2009

## Subjects & Policy Tags

### Policy Area:

Finance and Financial Sector

## Related Bills

No related bills are listed.

Municipal Market Liquidity Enhancement Act of 2009 - Amends the Federal Reserve Act to authorize the Federal Reserve Board, in unusual and exigent circumstances, by an affirmative vote of at least five members, to authorize any federal reserve bank to make advances to a special purpose vehicle or a designated corporate entity on the vehicle's or corporate entity's promissory notes that are secured to the bank's satisfaction by securities specified in this Act or by other forms of security.

Restricts the use of such advances solely to financing the purchase by such a special purpose vehicle or designated corporate entity of variable rate demand obligations issued: (1) before enactment of this Act by a municipal securities issuer with the ability to issue a bond treated as a tax-exempt "state or local bond" under the Internal Revenue Code; (2) to refund variable rate demand obligations issued before enactment of this Act; or (3) to refinance auction rate securities. Allows the use of such advances also, in the alternative, to purchase short-term notes used for cash-management and other short-term borrowing needs issued by a municipal securities issuer.

Requires any such purchase to be made under an agreement between the special purpose vehicle or designated corporate entity and the obligation or note issuer whereby the vehicle or corporate entity agrees to purchase obligations or notes that are made publicly available for purchase but are not otherwise purchased.

Requires such advances also to bear interest at rates fixed from time to time by the federal reserve bank, subject to the review and determination of the Board.

Amends the Emergency Economic Stabilization Act of 2008 (EESA) to state that the authority of the Secretary of the Treasury to take any action under such Act includes the authority to provide enhancement in connection with municipal securities whose purchase is financed under any facility designed to enhance the liquidity in the municipal market that is provided by the Board or any federal reserve bank.

Amends the Internal Revenue Code to declare that any advances made by a federal reserve bank under this Act shall not be treated as a federal guarantee subject to federal tax (thus making them tax exempt).

## **Actions Timeline**

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- **May 21, 2009:** Introduced in House
- **May 21, 2009:** Referred to House Financial Services
- **May 21, 2009:** Referred to the Committee on Financial Services, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
- **May 21, 2009:** Referred to House Ways and Means