

115TH CONGRESS
1ST SESSION

H. R. 1624

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

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
5 Support Act of 2017”.

1 **SEC. 2. TREATMENT OF CERTAIN MUNICIPAL OBLIGA-**
 2 **TIONS.**

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

5 (1) by moving subsection (z) so that it appears
 6 after subsection (y); and

7 (2) by adding at the end the following:

8 “(aa) TREATMENT OF CERTAIN MUNICIPAL OBLIGA-
 9 TIONS.—

10 “(1) IN GENERAL.—For purposes of the final
 11 rule titled ‘Liquidity Coverage Ratio: Liquidity Risk
 12 Measurement Standards; Final Rule’ (79 Fed. Reg.
 13 61439; published October 10, 2014) (the ‘Final
 14 Rule’) and any other regulation which incorporates
 15 a definition of the term ‘high-quality liquid asset’,
 16 the appropriate Federal banking agencies shall treat
 17 a municipal obligation that is both liquid and readily
 18 marketable (as defined in the Final Rule) and in-
 19 vestment grade as of the calculation date as a high-
 20 quality liquid asset that is a level 2A liquid asset.

21 “(2) DEFINITIONS.—For purposes of this sub-
 22 section:

23 “(A) INVESTMENT GRADE.—With respect
 24 to an obligation, the term ‘investment grade’
 25 has the meaning given that term under part 1
 26 of title 12, Code of Federal Regulations.

1 “(B) MUNICIPAL OBLIGATION.—The term
2 ‘municipal obligation’ means an obligation of a
3 State or any political subdivision thereof, or any
4 agency or instrumentality of a State or any po-
5 litical subdivision thereof.”.

6 (b) AMENDMENT TO LIQUIDITY COVERAGE RATIO
7 REGULATIONS.—Not later than the end of the 3-month
8 period beginning on the date of the enactment of this Act,
9 the Federal Deposit Insurance Corporation, the Board of
10 Governors of the Federal Reserve System, and the Comp-
11 troller of the Currency shall amend the final rule titled
12 “Liquidity Coverage Ratio: Liquidity Risk Measurement
13 Standards; Final Rule” (79 Fed. Reg. 61439; published
14 October 10, 2014) to implement the amendments made
15 by this Act.

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