



U.S. HOUSE COMMITTEE ON FINANCIAL SERVICES
– CHAIRWOMAN MAXINE WATERS –
THE HEROES ACT
SUPPORTS STATES, TERRITORIES AND LOCALITIES

- Even as state, territory, tribal and local governments face enormous unanticipated costs responding to this public health emergency, they are also facing significant pressure in the municipal bond market and the prospect of declining revenues as the economy enters recession.
- Though the Coronavirus Aid, Relief and Economic Security (CARES) Act instructed the Federal Reserve to set up a facility to support local governments, the Fed's design of a facility to support municipal governments has been too expensive and unattractive for most states and cities.

The Heroes Act supports municipalities by:

- **Expanding the number of cities and counties** that can participate directly in the Fed's lending facility by bringing the population threshold for eligible issuers down to 50,000 residents.
- **Requiring the inclusion of territories** as eligible issuers of debt supported by the MLF. Territories are suffering from the effects of the pandemic as well, and they must not be shut out of participation in the MLF.
- **Eliminating a barrier to participation** by striking the stigmatizing requirement that municipalities attest they cannot secure private market.
- **Extending the maximum maturity to 10 years** for bonds purchased by the Fed (currently 3 years), reducing the likelihood that states and cities will have to refinance the debt just as the economy is starting to recover.
- **Providing \$5 billion in Community Development Block Grant (CDBG) funding** to mitigate and address the health and economic impacts of COVID-19.
 - ➔ The majority of the funding would be allocated within 30 days based on the FY20 CDBG formula, and flexibilities included in the CARES Act would apply to these funds.

###