

Rescission of Unused CARES Act Funds and Termination of Temporary Emergency Lending Facilities

The CARES Act authorized the Treasury and the Federal Reserve to use up to \$500 billion for establishing emergency lending facilities under section 13(3) of the Federal Reserve Act for restoring liquidity to frozen credit markets with the extension of credit to fundamentally creditworthy businesses, states, and municipalities. Despite liquidity being restored in the spring, as a result of these facilities, and the funding and authority for these facilities expiring at the end of 2020, progressives were aiming to use them as a slush fund to advance their political and social policy agenda, including bailing out fiscally irresponsible states and cities and lending money to their politically-favored organizations, such as green energy corporations.

Consistent with the text of the CARES Act and Republican efforts to keep the Federal Reserve free from such political interference, this legislation rescinds and repurposes more than \$429 billion in unused CARE Act funds; definitively ends these lending facilities by December 31, 2020; and stops these facilities from being restarted or replicated without congressional approval. This legislation is a complete win for taxpayers and Republicans. The Republican goals were to prevent a future administration from misusing these facilities while not interfering with the Federal Reserve's ability to respond in a crisis. Republicans have achieved those goals.