

COMMITTEE ON FINANCIAL SERVICES
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SUBCOMMITTEE ON MIDDLE EAST, NORTH AFRICA,
AND INTERNATIONAL TERRORISM



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Congressman Lee M. Zeldin
First Congressional District of New York

April 20, 2020

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Dear Secretary Mnuchin and Chairman Powell:

I write to express my appreciation for the work the Department of Treasury and Federal Reserve are doing to stabilize the economy and underscore the need to provide additional assistance to more local governments to ensure they have the ability to finance the delivery of essential services for their residents.

On April 8, 2020, the Federal Reserve announced the establishment of the Municipal Liquidity Facility (MLF) to help state and local governments better manage cash flow pressures in order to continue to serve households and businesses in their communities. The MLF will purchase up to \$500 billion of short-term notes directly from U.S. states, including the District of Columbia, U.S. counties with a population of at least two million residents, and U.S. cities with a population of at least one million residents.

I greatly appreciate the creation of the MLF, but an eligibility threshold of two million residents for U.S. counties is too restrictive and will box-out many large counties that are facing liquidity issues in new issuances of debt. As you know, local governments issue short-term notes to help smooth uneven cash flows so that they can finance the delivery of essential services.

The Federal Reserve has stated that it will continue to closely monitor conditions in the primary and secondary markets for municipal securities and will evaluate whether additional measures are needed to support the flow of credit and liquidity to state and local governments.

As the Federal Reserve evaluates whether additional measures are needed, I ask that the Federal Reserve lower the county population threshold to one million residents to capture more counties that are in desperate need of help.

Counties play a vital role in providing essential services, maintaining local infrastructure, and investing in Americans' health. All levels of government have an important role to play in responding to this pandemic, and it is paramount that large counties under the two million population threshold are not left out of the equation.

Sincerely,

A handwritten signature in black ink, appearing to read 'L. Zeldin', written in a cursive style.

Lee Zeldin
Member of Congress