

116TH CONGRESS
2D SESSION

H. R. 8984

To ensure that the operations of the Board of Governors of the Federal Reserve System remain independent from the credit policy of the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2020

Mr. HILL of Arkansas introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To ensure that the operations of the Board of Governors of the Federal Reserve System remain independent from the credit policy of the United States, 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 “Independence from
5 Credit Policy Act of 2020”.

6 **SEC. 2. INDEPENDENCE FROM CREDIT POLICY.**

7 (a) RETURNING TO A MONETARY POLICY BALANCE

8 SHEET.—

1 (1) IN GENERAL.—Not later than 1 year after
2 the date of the enactment of this Act—

3 (A) the Board of Governors of the Federal
4 Reserve System shall transfer to the Depart-
5 ment of the Treasury all covered assets that are
6 neither gold stock, Treasury currency, nor di-
7 rect obligations of the United States, foreign
8 central banks, or the International Monetary
9 Fund; and

10 (B) the Secretary of the Treasury shall
11 transfer to the Federal reserve banks direct ob-
12 ligations of the United States of equivalent
13 market value to such covered assets.

14 (2) COVERED ASSETS DEFINED.—In this sub-
15 section, the term “covered assets” means all as-
16 sets—

17 (A) purchased through open-market oper-
18 ations by the Federal reserve banks; or

19 (B) acquired through transactions under
20 the following sections of the Federal Reserve
21 Act (12 U.S.C. 221 et seq.):

22 (i) Section 10A before the date of the
23 enactment of this Act.

24 (ii) Section 10B.

25 (iii) Section 13.

1 (iv) Section 13A.

2 (v) Section 24.

3 (b) OPEN MARKET ASSET PURCHASES.—Section
4 14(b) of the Federal Reserve Act (12 U.S.C. 355) (relat-
5 ing to “Purchase and sale of obligations of United States,
6 States, counties, etc.”) is amended to read as follows:

7 “(b) To buy and sell in the open market, at home
8 or abroad, under the direction and regulations of the Fed-
9 eral Open Market Committee, gold stock, Treasury cur-
10 rency, or direct obligations of the United States, foreign
11 central banks, or the International Monetary Fund. Noth-
12 ing in this subsection shall be construed to limit advances
13 under section 10B, or discount loans under sections 13,
14 13A, or 24.”.

15 (c) MAINTAINING A MONETARY POLICY BALANCE
16 SHEET.—

17 (1) ASSETS ACQUIRED UNDER EMERGENCY
18 LENDING.—Section 13(3) of the Federal Reserve
19 Act (12 U.S.C. 343(3)) is amended by inserting
20 after subparagraph (E) following new subparagraph:

21 “(F) Not later than 1 year after a Federal
22 reserve bank acquires any assets under this
23 paragraph that are neither gold nor direct obli-
24 gations of the United States, foreign central
25 banks, or the International Monetary Fund—

1 “(i) the Board shall transfer such as-
 2 sets of the Federal reserve bank to the De-
 3 partment of the Treasury; and

4 “(ii) the Secretary of the Treasury
 5 shall transfer to the Federal reserve banks
 6 direct obligations of the United States of
 7 equivalent market value to the assets de-
 8 scribed in clause (i).”.

9 (2) REPEAL OF AUTHORITY TO PROVIDE EMER-
 10 GENCY ADVANCES TO GROUPS OF MEMBER BANKS.—
 11 Section 10A of the Federal Reserve Act (12 U.S.C.
 12 347a) is repealed.

13 (3) ASSETS ACQUIRED THROUGH ADVANCES TO
 14 MEMBER BANKS.—The second undesignated para-
 15 graph of subsection (a) of section 10B of the Fed-
 16 eral Reserve Act (12 U.S.C. 347b(a)) is amended—

17 (A) by inserting “not” before “secured by
 18 mortgage loans”; and

19 (B) by striking “lowest discount rate” and
 20 inserting “highest discount rate”.

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