

112TH CONGRESS  
1ST SESSION

# H. R. 344

To amend the Federal Reserve Act to remove the power of Federal reserve banks to buy and sell municipal securities, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 2011

Mr. NEUGEBAUER introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Federal Reserve Act to remove the power of Federal reserve banks to buy and sell municipal securities, 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 “Fiscal Responsibility  
5 Effective Enforcement Act of 2011” or the “FREE Act  
6 of 2011”.

7 **SEC. 2. REMOVAL OF POWER TO BUY AND SELL MUNICIPAL**  
8 **SECURITIES.**

9 (a) IN GENERAL.—Section 14(b)(1) of the Federal  
10 Reserve Act is amended by striking “and bills, notes, rev-

1 enue bonds, and warrants with a maturity from date of  
2 purchase of not exceeding six months, issued in anticipa-  
3 tion of the collection of taxes or in anticipation of the re-  
4 ceipt of assured revenues by any State, county, district,  
5 political subdivision, or municipality in the continental  
6 United States, including irrigation, drainage and reclama-  
7 tion districts.”.

8 (b) TRANSITION RULE.—Notwithstanding the  
9 amendment made by subsection (a), a Federal reserve  
10 bank shall have the power to sell any bills, notes, revenue  
11 bonds, or warrants described in the language struck by  
12 such amendment, if such bills, notes, revenue bonds, or  
13 warrants are held by the Federal reserve bank on the date  
14 of the enactment of this Act.

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