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

Sec. ____: Rescissions

In response to the severe market turmoil caused by the COVID-19 pandemic this spring, the CARES Act provided $500 billion in funding for the Treasury and the Federal Reserve to set up temporary emergency lending facilities that expire on December 31, 2020. These facilities succeeded in restoring liquidity to frozen credit markets to ensure the flow of credit to fundamentally creditworthy businesses, states, and municipalities. As a result of this success, only a small portion of the $500 billion in funds has been used. This provision rescinds the unused portion of these funds (more than $429 billion), allowing them to be used for other important purposes, and reiterates that the authority to lend these funds expires on December 31, 2020.

Sec. ____: Emergency relief and taxpayer protections

The CARES Act provided $500 billion in funding for the Treasury and the Federal Reserve to operate temporary emergency lending programs and facilities. Section 4003(e) of the CARES Act provides that any proceeds—principal or gains—returned to the Treasury from such lending programs and facilities shall be deposited in certain specified Treasury accounts, including the Social Security Trust Fund. This provision reiterates that such proceeds shall be deposited in this way, notwithstanding any other provision of law.

Sec. ____: Termination of Authority

The CARES Act provided $500 billion in funding for the Treasury and the Federal Reserve to operate temporary emergency lending facilities. Section 4029 of the CARES Act terminates the authority of the Treasury and the Federal Reserve to operate these facilities on December 31, 2020. This provision ensures that these lending facilities definitively end on December 31, 2020 and stops these facilities from being re-started or replicated without congressional authorization. The only facilities that are affected by this provision are the Primary Market Corporate Facility, the Secondary Market Corporate Credit Facility, the Municipal Liquidity Facility, the Main Street Lending Program, and the Term-Asset Backed Securities Loan Facility (TALF). Because an earlier version of TALF was established in 2008 prior to the CARES Act, this provision allows TALF—but only TALF—to be replicated in the future without congressional authorization.

Sec. ____: Rule of Construction

This provision clarifies that this legislation's provisions rescinding more than $429 billion in unused funds, definitively ending the CARES Act lending facilities, and stopping those facilities from being re-started or replicated without congressional authorization will not interfere with the Federal Reserve’s authority to respond to a future crisis.