AMENDMENT TO THE RULES COMMITTEE PRINT
FOR H.R. 5278
OFFERED BY MR. BARR OF KENTUCKY

Page 116, after line 10, insert the following:

SEC. 411. PROHIBITION ON THE USE OF FEDERAL FUNDS
TO PAY STATE AND LOCAL OBLIGATIONS.

(a) IN GENERAL.—Notwithstanding any other provision of law, no Federal funds may be used to purchase or guarantee obligations of, issue lines of credit to, or provide direct or indirect grants-in-aid to any State government, municipal government, local government, or county government which, on or after January 1, 2013, has filed for bankruptcy, has defaulted on its obligations, is at risk of defaulting, or is likely to default, absent such assistance from the United States Government, if such purchase, guarantee, extension of credit, or grant is made for the purpose of assisting the government in—

(1) avoiding defaulting on the payment of principal or interest due on an obligation of the government; or

(2) curing such a default.

(b) LIMIT ON USE OF BORROWED FUNDS.—The Secretary of the Treasury shall not, directly or indirectly, use...
general fund revenues or funds borrowed pursuant to title
31, United States Code, to purchase or guarantee any
asset or obligation of any State government, municipal
government, local government, or county government, or
otherwise to assist such government entity, if, on or after
January 1, 2013, that State government, municipal gov-
ernment, or county government has filed for bankruptcy,
defaulted on its obligations, is at risk of defaulting, or is
likely to default, absent such assistance from the United
States Government, if such purchase, guarantee, extension
of credit, or grant is made for the purpose of assisting
the government in—

(1) avoiding defaulting on the payment of prin-
cipal or interest due on an obligation of the govern-
ment; or

(2) curing such a default.

(c) PROHIBITION ON FEDERAL RESERVE ASSIST-
ANCE.—Notwithstanding any other provision of law, the
Board of Governors of the Federal Reserve System shall
not provide or extend to, or authorize with respect to, any
State government, municipal government, local govern-
ment, county government, or other entity that has taxing
authority or bonding authority, any funds, loan guaran-
tees, credits, or any other financial instrument or other
authority, including the purchasing of the bonds of such
State, municipality, locality, county, or other bonding authority, or to otherwise assist such government entity under any authority of the Board of Governors, if such purchase, guarantee, extension of credit, or grant is made for the purpose of assisting the government in—

(1) avoiding defaulting on the payment of principal or interest due on an obligation of the government; or

(2) curing such a default.

(d) LIMITATION.—Subsections (a) through (c) shall not apply to Federal assistance provided in response to a natural disaster.

(e) STATE DEFINED.—For purposes of this section, the term “State” means any of the several States, the District of Columbia, and any territory or possession of the United States.