

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

Page 116, after line 10, insert the following:

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

3 (a) IN GENERAL.—Notwithstanding any other provi-
4 sion of law, no Federal funds may be used to purchase
5 or guarantee obligations of, issue lines of credit to, or pro-
6 vide direct or indirect grants-in-aid to any State govern-
7 ment, municipal government, local government, or county
8 government which, on or after January 1, 2013, has filed
9 for bankruptcy, has defaulted on its obligations, is at risk
10 of defaulting, or is likely to default, absent such assistance
11 from the United States Government, if such purchase,
12 guarantee, extension of credit, or grant is made for the
13 purpose of assisting the government in—

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

17 (2) curing such a default.

18 (b) LIMIT ON USE OF BORROWED FUNDS.—The Sec-
19 retary of the Treasury shall not, directly or indirectly, use

1 general fund revenues or funds borrowed pursuant to title
2 31, United States Code, to purchase or guarantee any
3 asset or obligation of any State government, municipal
4 government, local government, or county government, or
5 otherwise to assist such government entity, if, on or after
6 January 1, 2013, that State government, municipal gov-
7 ernment, or county government has filed for bankruptcy,
8 defaulted on its obligations, is at risk of defaulting, or is
9 likely to default, absent such assistance from the United
10 States Government, if such purchase, guarantee, extension
11 of credit, or grant is made for the purpose of assisting
12 the government in—

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

16 (2) curing such a default.

17 (c) PROHIBITION ON FEDERAL RESERVE ASSIST-
18 ANCE.—Notwithstanding any other provision of law, the
19 Board of Governors of the Federal Reserve System shall
20 not provide or extend to, or authorize with respect to, any
21 State government, municipal government, local govern-
22 ment, county government, or other entity that has taxing
23 authority or bonding authority, any funds, loan guaran-
24 tees, credits, or any other financial instrument or other
25 authority, including the purchasing of the bonds of such

1 State, municipality, locality, county, or other bonding au-
2 thority, or to otherwise assist such government entity
3 under any authority of the Board of Governors, if such
4 purchase, guarantee, extension of credit, or grant is made
5 for the purpose of assisting the government in—

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

9 (2) curing such a default.

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

13 (e) STATE DEFINED.—For purposes of this section,
14 the term “State” means any of the several States, the Dis-
15 trict of Columbia, and any territory or possession of the
16 United States.

