SEC. 425. TECHNICAL CORRECTION RESPECTING SELF-EMPLOYMENT INCOME IN COMMUNITY PROPERTY STATES.

(a) SOCIAL SECURITY ACT AMENDMENT.—Section 211(a)(5)(A) of the Social Security Act (42 U.S.C. 411(a)(5)(A)) is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions;''.

(b) INTERNAL REVENUE CODE OF 1986 AMENDMENT.—Section 1402(a)(5)(A) of the Internal Revenue Code of 1986 is amended by striking ''all of the gross income'' and all that follows and inserting ''the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the spouse carrying on such trade or business or, if such trade or business is jointly operated, treated as the gross income and deductions of each spouse on the basis of their respective distributive share of the gross income and deductions; and''.

Mr. FROST. Mr. Speaker, I yield back the balance of my time.

Mr. LINDER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FROST. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8(a)(2)(f) of rule XX, further proceedings on this question will be postponed.

GENERAL LEAVE

Mr. BACHUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and insert extraneous materials on the bill H.R. 522, the Federal Deposit Insurance Reform Act of 2003.

The SPEAKER pro tempore (Mr. LINDER). Is there objection to the request of the gentleman from Alabama?

There was no objection.

FEDERAL DEPOSIT INSURANCE REFORM ACT OF 2003

The SPEAKER pro tempore (Mr. LINDER). Pursuant to the order of the House of Tuesday, April 1, 2003 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 522.

□ 1039

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 522) to reform the Federal deposit insurance system, and for other purposes, with Mr. LAHOOD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the order of the House of Tuesday, April 1, 2003, the bill is considered as having been read the first time.

Under the rule, the gentleman from Alabama (Mr. BACHUS) and the gentleman from Massachusetts (Mr. FRANK) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, I rise in support of H.R. 522, the Federal Deposit Insurance Reform Act of 2003. I want to begin by thanking the gentleman from Ohio (Mr. OXLEY), the chairman of the committee, for his tremendous leadership in steering what is a complex bill through the legislative process. I also want to thank the ranking member of the committee, the gentleman from Massachusetts (Mr. FRANK), for his support of this important piece of legislation. The committee and the Congress in its votes on this legislation in the past, legislation very similar, has shown that it can work together in a very bipartisan manner.

Deposit insurance reform has been thoroughly discussed and debated over the past several years. During the 107th Congress, I introduced comprehensive deposit insurance reform, H.R. 3717. The legislation was a by-product of recommendations by the FDIC in early 2001, industry representatives coming together urging that we take action. The American Banking Association, The Credit Union National Association, Independent Bankers and Financial Services Roundtable, all urging the Federal Reserve, the administration, urging us to take action to reform Federal deposit insurance. We did take action, and the 107th Congress passed H.R. 3717 by a vote of 408 to 18.

Unfortunately, that bill died in the other body.

Earlier this year, I introduced the same legislation. This time it is H.R. 522, the Deposit Insurance Reform Act of 2003. The gentleman from Ohio (Mr. OXLEY) and the gentleman from Massachusetts (Mr. FRANK) joined me in introducing this legislation, along with 57 other cosponsors on both sides of the aisle. It was approved by the Committee on Financial Services by a unanimous voice vote. I am pleased that the Senate now plans to act on similar legislation in the very near future, and that the President's budget for fiscal year 2004 outlines a proposal similar to our legislation.

The legislation is supported not only by American bankers, the Financial Services Roundtable made up of the 100 largest financial corporations in America, but also by the credit unions, the thrift associations, the community bankers, the securities industry, and also by groups that we sometimes do not find on the same side; the American Association of Retired Persons has recently endorsed this legislation.

Federal deposit insurance has been the hallmark of our Nation's banking system for almost 70 years. The reforms made by this legislation will ensure that the system that serves savers and depositors so well for so long will continue for future generations.

What does the legislation do? First, it merges separate insurance funds that currently apply to deposits held by banks on the one hand and savings associations on the other, creating a stronger, more stable fund that benefits banks and thrifts alike.

Second, it changes the ''pro-cyclical'' bias of the current system. In other words, it spreads out over time the assessments to the institutions which results in, by doing this, a more uniform assessment. Presently we have sharply higher premiums served during recessionary times and much lower premiums during good times. Banks can least afford to pay a higher premium during recessions, and we found that out, and this corrects that.

□ 1045

Third, the legislation includes modest increases in the amount of coverage available. The system has gone from 1980 without an increase in coverage. If we took 1980 as our basis and we increased coverage based on inflation, we would go to $200,000. If we went back to 1980, the $100,000, and we increased it based on per capita income, it would actually go to $300,000. So we are proposing $130,000, a very modest increase.

If we went back to 1974, because some have said they should not have raised it in 1980, they should have kept it at the 1974 level, and we increased it for inflation, it would go to $140,000.

Mr. Chairman, there are some who will offer amendments who have actually publicly stated that they do not believe in Federal deposit insurance, one of the gentlemen offering an amendment later on. So there are Members of the body who do not believe that our deposits in banks should be federally insured.

I understand that; but I, for one, disagree with that. I think Americans have come to rely and have a sense of security in knowing that when they put their retirement funds in a bank or thrift that it is federally insured. Particularly in light of the recent volatility on Wall Street, people have, I think, come to rely more and value more the fact that they can put their money in a federally insured financial institution and not lose that money.

All of us have heard from community bankers in our districts about the challenges that they face in competing for deposits with large-money center banks that are perceived by the market, rightly or wrongly, as being too big to fail. By strengthening the deposit insurance system, our legislation will help small neighborhood-based financial institutions across the country, especially in rural areas, continue to play an important role in financing economic development.