Moore (WI)
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Saxton
Schakowsky
Schiff
Schwartz (PA)
Schwarz (MI)
Scott (GA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Sodrel
Solis
Souder
Spratt
Stark
Stearns
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weldon (FL)
Weller
Westmoreland
Wexler
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—14

Abercrombie
Brown (OH)
Diaz-Balart, L.
Diaz-Balart, M.
Gordon
Kirk
Larson (CT)
McMorris
Moore (KS)
Scott (VA)
Weiner
Weldon (PA)
Whitfield
Woolsey

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised 2 minutes remain in which to cast their votes.

□ 1417

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

The title of the resolution was amended so as to read: ''Recognizing the 60th anniversary of the Liberation of Western Bohemia by United States Armed Forces during World War II and the continued friendship between the people of the United States and the Czech Republic.''.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. WELDON of Pennsylvania. Mr. Speaker, today, I was presenting the keynote address at the World Russian Forum. Therefore, on rollcall votes 153, 154, 155, and 156, I was not recorded to vote. Had I been recorded, I would have voted "nay" on rollcall vote 153, and "yea" on rollcall votes 154, 155, and 156.

GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on H.R. 1185.

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

There was no objection.

FEDERAL DEPOSIT INSURANCE REFORM ACT OF 2005

The SPEAKER pro tempore. Pursuant to House Resolution 255 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. 1185.

□ 1417

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. 1185) to reform the Federal deposit insurance system, and for other purposes, with Mr. BASS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Ohio (Mr. OXLEY) and the gentlewoman from New York (Mrs. MALONEY) each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

Mr. OXLEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 1185, the Federal Deposit Insurance Reform Act of 2005. This bipartisan legislation preserves the value of insured deposits at America's banks, thrifts and credit unions, advances the national priority of enhancing retirement security for all Americans, and ensures that the benefits and costs of deposit insurance are allocated equitably and fairly among financial institutions.

Federal deposit insurance was first established in 1934 during the Great Depression and has served for over 70 years as a source of stability in the banking system and a valued safety net for depositors. Deposits in banks and savings associations are covered either by the Bank Insurance Fund or the Savings Association Insurance Fund, while the deposits of America's 85 million credit union members are insured by the National Credit Union Share Insurance Fund.

Federal deposit insurance serves as a guarantee to depositors in U.S. depository institutions that up to $100,000 will be available to them in the event that their institution should ever fail. It both protects depositors from a sudden and unforeseen loss of wealth and insulates the economy from the consequences of a loss of liquidity in the banking system.

Shortly after I became chairman of the newly formed Committee on Financial Services in the 107th Congress, the FDIC, the Federal agency responsible for administering the deposit insurance program, recommended a number of reforms to the system to address structural imbalances that had emerged since the last major overhaul of deposit insurance following the savings and loan crisis of the late 1980s and early 1990s.

The gentleman from Alabama (Mr. BACHUS), the chairman of the Subcommittee on Financial Institutions and Consumer Credit, got to work holding extensive hearings and drafting comprehensive legislation incorporating the FDIC's recommendations and making other needed changes to the system. The legislation that resulted from the efforts of the gentleman from Alabama passed the House with well over 400 votes in the 107th Congress and by an even larger margin in the 108th.

With the other body having twice failed to act on the legislation approved overwhelmingly by this House, we are back this year with high hopes that the third time will truly be the charm in enacting this critically important legislation. The reasons for reforming the deposit insurance system remain every bit as compelling today as they were almost 4 years ago when we first began to climb this mountain.

By merging the BIF and the SAIF into a single deposit insurance fund, H.R. 1185 will create administrative efficiencies and promote fundamental fairness in the system. By giving the FDIC more flexible tools for managing the insurance funds according to changing economic conditions, while at the same time ensuring that funds are returned to the industry in the form of rebates and credits when circumstances warrant, H.R. 1185 will promote economic stability and address the system's current bias toward charging excessive premiums at ''down'' points in the business cycle. All of these reforms command broad consensus among banking regulators and in the banking industry, as well as in the House.

On the issue of deposit insurance coverage levels, which have now gone a record 25 years without being adjusted for inflation, the legislation of the gentleman from Alabama provides for incremental increases that promote retirement security and help to keep municipal deposits in the communities where they originated to serve as a funding source for loans and other development initiatives.

All of us recognize that the increased coverage levels prescribed in the House bill are what have blocked its progress in the other body, and I have therefore indicated that I am willing to entertain compromise on that issue if it is the price of achieving the other important reforms contained in this legislation.

That said, it should also be noted that H.R. 1185's increase in base deposit

insurance coverage from $100,000 to $130,000 hardly constitutes a radical expansion of the deposit insurance safety net. If coverage had merely kept pace with inflation since 1980 when coverage was last updated, it would now be well over $200,000. Even going all the way back to the $40,000 coverage amount in effect in 1974 and indexing for inflation from that level yields a coverage level well above $140,000.

Let me conclude by commending Chairman BACHUS for his leadership and persistence in pursuing this legislation over the course of three Congresses. I also want to thank our committee's ranking member, the gentleman from Massachusetts (Mr. FRANK), who has championed several of the specific reforms contained in this bill and has acted throughout the process in a spirit of bipartisan cooperation that has become the hallmark of our committee's work in recent years.

Mr. Chairman, I reserve the balance of my time.

Mrs. MALONEY. Mr. Chairman, I yield myself such time as I may consume.

I rise in strong support of the Federal Deposit Insurance Reform Act of 2005. This is a strong bipartisan effort. I commend the leadership of Chairman OXLEY and Ranking Member FRANK, as well as Subcommittee Chair BACHUS and Ranking Member SANDERS. This will be, hopefully, the third time that this Congress has passed this legislation. It has enjoyed broad bipartisan support.

Federal deposit insurance, established during the Great Depression to restore confidence in the Nation's troubled banking system, has served our country well; but no system is perfect, and Congress has periodically revised our deposit insurance laws in response to changing economic and industry conditions. There is a growing consensus triggered in part by recommendations by the Federal Deposit Insurance Corporation, FDIC, that deposit insurance is overdue for needed structural reform.

H.R. 1185 would merge the Bank Insurance Fund, BIF, and the Savings Association Insurance Fund, SAIF, into a single fund covering all banks and thrifts; increase per-account coverage levels from $100,000 to $130,000; and adjust that coverage for inflation every 5 years beginning in 2007; and double the $130,000 coverage amount in the case of certain retirement accounts, including IRAs and 401(k)s. Providing $260,000 in deposit insurance coverage for retirement accounts is critically important in an era when many Americans have accumulated retirement nest eggs that far exceed $100,000, and when, according to FDIC estimates, there is more than $200 billion in IRA accounts alone in this Nation's banking system.

Several high-profile bank failures in recent years have given many Americans a rude awakening as they discover that amounts in their retirement accounts above the $100,000 coverage limit are uninsured.

The bill also raises coverage levels on in-state, municipal or public deposits. This will have the effect of encouraging local government agencies to keep more of their deposits in the local communities where the funds were generated, thus promoting economic growth in those areas.

Finally, the bill fully implements a provision enacted more than a decade ago to give banks a discount on their deposit insurance premiums for deposits attributable to so-called basic banking accounts which provide a financial lifeline for low-income families that are currently without bank coverage.

This has strong bipartisan support. This legislation passed this body last year with a vote of 411 to 11, and this year's effort likewise enjoys very strong bipartisan support.

Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. GILLMOR).

Mr. GILLMOR. I thank the gentleman for yielding me this time.

Mr. Chairman, as an original cosponsor of H.R. 1185, I am particularly pleased to see that this important measure again incorporates a measure that I introduced in February, H.R. 544, the Municipal Deposit Insurance Protection Act of 2005. Currently, towns, counties and school districts are faced with a hard choice when deciding where to place their deposits. Local officials care about their communities, and they would like to foster economic development by putting their funds in local banks. However, without the guarantee of FDIC coverage, they are often forced instead to put their deposits in out-of-state institutions.

This bill increases coverage for local government deposits equal to the lesser of $2 million or $130,000 plus 80 percent of the amount of deposits in excess of the new standard. Providing this essential coverage will help local communities keep public moneys in their neighborhood, improving the economic climate by enabling local banks to offer more loans for cars, homes, education, and other community needs.

In 2002, the FDIC closed a bank in my district, the Oakwood Deposit Bank. Local municipalities and other public entities that held deposits at that institution were put at risk due to the $100,000 FDIC coverage. This risk is too high for many communities in this country, and it can have a devastating effect on local budgets. The community in Oakwood is still feeling the effects of this failure. The village was forced to miss a Federal loan payment for its sewers and was forced to lay off municipal employees, all because of the funds it lost. Wayne Trace local school district and Paulding County Hospital were also harmed by this lack of coverage.

This legislation will enable local government funds to be retained in the local area from which they came. It will help the economy of those areas by being used for installment loans, mortgages, and small business loans.

Again, I want to commend Chairman OXLEY and Chairman BACHUS for bringing up this important bill, and I look forward to its passage.

Mrs. MALONEY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. MEEKS).

Mr. MEEKS of New York. Mr. Chairman, I would like to recognize, first, Chairman OXLEY and Ranking Member FRANK for their work to bring this overdue bill to the floor of the House. This is not the first time that this bill has passed through committee with broad bipartisan support, but hopefully this time we can work with the other body to make this law.

The financial services industry is one of the driving engines of our economy, and the banking industry in particular is not only a key source of financing for consumer purchases like homes and cars or business purchases such as equipment and facilities. It is also the means by which the Federal Reserve implements monetary policy to stabilize our economy. Considering the vital role that banks, both big and small, play in our economy, it is equally important to make certain that the Federal insurance which backs these institutions is operating under the most efficient rules.

H.R. 1185 will merge the Bank Insurance Fund and the Savings Association Insurance Fund into one strong fund. It will increase deposit insurance on individual accounts from $100,000 to $130,000, increases coverage on certain retirement accounts to $260,000, and increases coverage on in-state municipal deposits to $2 million.

One of its most important aspects is that it provides for a 50 percent discount in the assessment rate for deposits attributable to lifeline deposit accounts, something, and I take my hat off to her, that the gentlewoman from the great State of California (Ms. WATERS) has been working on for many, many years in support of people who are traditionally unbanked.

Lastly, let me thank the gentleman from Alabama (Mr. BACHUS) and the gentlewoman from Oregon (Ms. HOOLEY), who introduced the bill, and encourage Members from both sides of the aisle to vote ''yes'' on final passage.

□ 1430

Mr. BACHUS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, there are several things about this bill that I am not sure have been discussed or are as widely known by the Members, but the first thing I would say is that the legislation is supported by all the federal bank regulators. It is also supported by all the industry groups. And it does several things. It addresses inefficiencies in the present system and deficiencies in the present system.

As far as deficiencies in the present system, one of the greatest is the fact that we have two different funds. The Savings Association Insurance Fund and the Bank Insurance Fund. All the Federal regulators have recommended combining those funds from the administrative cost savings and also because we do not want a situation where some of our institutions are paying certain basis points where others are not. We want more equity there so it gives no advantage for our thrifts over our banks or our banks over our thrifts.

Another problem we have had increasingly is the problem of free riders. Since 1996, there have been no assessments of the banks for the Federal insurance, and as a result of that, we have had several large brokerage firms which have never paid into the fund, and what they are doing is setting up affiliate banks, six or eight or nine affiliate banks, and they are advertising $800,000 or $900,000 worth of federally insured deposits. In other words, people can deposit $800,000 or $900,000 into to their fund, and it is federally insured. This really is an inequity because they have never paid into the system and they are offering that something that smaller banks and other banks that do not set up these affiliates or string of affiliates and can only offer $100,000 of coverage; and, in fact, those banks or thrifts that are only offering $100,000 worth of coverage are actually paying and have paid for coverage for some of the large brokerage firms.

And the Federal Reserve, the FDIC, and the industry have said that this ought to be corrected, and we do that in this bill. We do that in two ways. One is by requiring that everyone pay a minimum amount; number two, we increase the coverage; and number three, we allow more flexibility in when the premiums are charged. Right now when the bank reserves fall below 1.25 percent, the Federal Reserve actually has to start charging a premium, and then if the situation is not rectified within a year, they have to then start charging 23 basis points, and they have little discretion in this matter. The bank regulators and the industry have recommended that what we do as opposed to having a hard number that we give a range, or a discretionary range, and we have done that at 1.15 to 1.4.

What this allows to happen is, if we think about it, there are no premiums being charged, and then all of a sudden we go into a recession and we start charging a premium, or 23 basis points, it actually can worsen the recession, and at the time when banks ought to be lending money, suddenly they are having to pay these premiums. The time to fund the insurance program and the insurance reserve is in good times.

So what we have done in this bill is allow them to build up a reserve in the good times, and then when we come into a recessionary period and bank reserves start dropping, they have some discretion in not instituting a 23-basis-point charge on the banks. And policymakers and all the Federal bank regulators believe that this will not only strengthen the funds, but it will take away a bias against a down cycle that could actually make a down economic cycle worse.

One of the things that is being debated, and the gentleman I am going to yield to next is going to be in opposition to the coverage increase, is the coverage increase. When we consider increasing the coverage, there have been two arguments against that. One was a ''moral hazard'' argument. The FDIC, in response to some people saying that if we raise the coverage, it will be a moral hazard, actually commissioned a study and appointed the vice chairman of the Federal Reserve, Alan Blinder, as the chairman of that study commission, and they came back and said because these are risk-based premiums, there is absolutely no validity to the moral hazard argument.

If we think about it this way, what this is, is an insurance, and bank depositors pay a premium on their deposits for insurance coverage. And to argue that if that coverage is increased from $100,000 to $130,000 suddenly would cause reckless behavior, it would almost be like arguing that if I had automobile insurance and I had $100,000 worth of automobile insurance on my automobile, and I raised that to $200,000 of insurance coverage that I would suddenly start driving more recklessly or be more prone to have accidents, and we know that when people insure, whether it is a deposit, an automobile, or a home, they are not any more apt to act in a reckless nature. So that argument has been shot down pretty uniformly.

A second argument against it is that we do not need to increase it. But one of our last bank failures was a bank in Chicago, a medium-sized bank. And what we found, because we had not raised the coverage levels above $100,000 since 1980, we found over 700 customers of that bank lost a substantial amount of their deposits, and the reason they did that, if we think about what depositors do, we had several hundred of them that had an IRA account with that bank, and they had an IRA that was over $100,000, and they basically lost everything above $100,000. And one lady that was quoted in the Chicago Tribune said, The loss I sustained is going to be the difference between my having a retirement where I will not have to struggle, and now, basically having a bare bones retirement where I will have to struggle to make ends meet.

We have another situation that we talked about in committee, and that was the fact that today many people are selling and buying houses, and when they do, they put the proceeds of that sale or the purchase price for that sale in a bank account. In 1980 the average price of a home was around $100,000. Today it is several times that amount. So imagine that if one is closing on a house, they sell their house, they get a $400,000 or $300,000 check or even a $200,000 check for that house, and most Americans put their savings in a house, they go down to their bank and they deposit that check and the bank happens to fail.

And every once in a while, a bank does fail like the one in Chicago. In that case, they had 12 people that had deposited the proceeds from the sale of their homes in the weeks before and they lost all of that money above $100,000. Some would say and some have said in opposing coverage increase that what Americans ought to do is when they sell a home, if they sell a home for $300,000, they ought to ask the closing attorney to write three $100,000 checks and they ought to deposit that in three different banks, or, if they are going to purchase a house, they ought to go to three different institutions and deposit that money in three different institutions, and then when they show up at the closing, they ought to write three different checks.

We know as a practical matter, Mr. Chairman, that people are not going to do that, and we should not ask them to do that. What we ought to do is raise coverage levels to reflect realities today.

The last time that coverage was increased in 1980, if we increased it for inflation today, it would be well over $180,000. Instead, we are only increasing it to $100,000 as a compromise. If we went back to not 1980 but we went back to 1974, which was the time before that that it was increased $40,000, and if we had adjusted it in 1980, it would be over $200,000. If we disregarded that increase and went back to 1974, it would be $180,000. So we are actually playing catchup here, and we have used that smaller number in an attempt to compromise with those who objected to increasing it at all.

I will say this: This bill passed with 111 votes the first time it was up, I think, but, anyway, I will get those statistics later, but I think it had 18 ''no'' votes the first time, 11 ''no'' votes the second time.

Mr. Chairman, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

I appreciate the gentleman from Alabama's letting us butt into his conversation.

I want to speak in favor of the bill. It is an example of the things that we do that are not controversial and are not exciting to a lot of people but are, in fact, very important for the proper functioning of the economy. This is an upgrading and an updating of the deposit insurance system. It is widely supported by financial institutions. There is a difference of opinion on one aspect, the coverage increase, but I will say that, while I support the bill as written and support the coverage increase, it is my hope that however that

winds up, it will not lead to the demise of the bill. The bill is an important piece of legislation for improving the functioning of the banking system.

I just also want to point out two things: There is a mistaken assumption abroad that somehow things have gotten so poisonous here that nothing ever happens. There are issues on which we disagree vehemently, but the fact that this bill is coming forward from the Committee on Financial Services with overwhelming support from the committee, disagreement on one specific point, is a refutation, that I think people ought to know that, no, it is not the case that we have been so embittered towards each other that we cannot function. This bill comes forward with support on both sides.

It also, as was noted by the gentleman from New York who spoke earlier, contains a section that what we call lifeline banking. And not all banks in the world were having parties when that was included, but it is an important point to be made here. It is our job to pass legislation and to do things that help the financial system function. Banks are good institutions. They perform useful roles in our society. But there are also needs that individuals have, particularly lower income individuals, that are not going to be automatically taken care of by even the best functioning market, and our job, in part, is to advance measures that help the institutions function but at the same time provide a degree of fairness, a kind of minimum support, for people who will not automatically benefit from the general going forward.

This bill is an example of that, and I want to say that the inclusion of this lifeline provision is very important. I appreciate the majority's accommodating the concern that people had, the gentlewoman from California (Ms. WATERS), who pushed hardest for this; so I hope that this package will go forward as an example that even at times that are very contentious, we can work together on legislation that bridges some gaps and advances the system.

□ 1445

Mr. FRANK of Massachusetts. Mr. Chairman, I reserve the balance of my time.

Mr. BACHUS. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. ROHRABACHER), who is in opposition to the bill.

Mr. ROHRABACHER. Mr. Chairman, I rise in opposition to H.R. 1185, but I appreciate all the hard work that the gentleman from Alabama (Mr. BACHUS) and the gentleman from Massachusetts (Mr. FRANK) have done on this bill. I understand that they are very sincere in their efforts, but I have a strong philosophical opposition to what this bill represents and what it is all about.

Let me note that if section 3 were taken out of this legislation, I could support the bill; but the heart of this bill is section 3, which is a 30 percent increase in the Federal deposit insurance rate. What we are talking about here is increasing Federal deposit insurance, the taxpayers' guaranteeing private accounts in private banks from $100,000 to $130,000; for savings accounts I think it goes up to $240,000, $250,000, or is it $260,000; as well as $1 million, I believe, for community-type savings accounts.

But the most important factor here is this: this system was set up to protect the little guy. It was set up to protect average Americans who are not saving hundreds of thousands of dollars, so that they could save $10,000, $20,000, $30,000 and not worry about having a bank default and close up on them and then losing that money.

What has happened is a perversion of that basic premise. What has happened now is the taxpayers, the average person out there working is protecting the rich guy. We have the little guys now with their tax dollars protecting the rich guys who, at $100,000 in an account, and now they want to make it $130,000 in an account are protected by the taxpayers. It is not just one account, however. There are multiple accounts that these rich people use, so we are not just protecting $130,000. We are protecting $130,000 times 10 or 20, where they can place it in various banks. What we end up doing is having the little guy protecting the rich people in this society.

And there is a downside to having this protection. Not only is it not fair, but the downside is people who invest their money, when it is guaranteed, will be less cautious about where they put their money. We have just heard from the gentleman from Alabama (Mr. BACHUS) about the people who lost their money in a bank. Well, those people should have paid closer attention to that bank. The fact is that we are encouraging people to be frivolous where they are putting their money because we are guaranteeing it as taxpayers.

This is exactly what led to the savings and loan debacle in the 1980s. In 1980, before Ronald Reagan was elected President, this went from the early 1970s, from $10,000, to 1980 when they jumped it to $100,000 protection. All of a sudden, people could then invest with these multiple accounts, millions of dollars protected by the taxpayers.

So what happened? What happened is, we have millions, billions of dollars now in our system being invested in the most irresponsible way. Because the banks and the savings and loans themselves, no matter what, they ended up paying more interest than they should have. The bad institutions were bringing down the good institutions, and the public was protected from any bad decision they made. We ended up with a debacle, a financial debacle created by this increase in 1980 that ended up by the mid-1980s costing us tens of billions, maybe even $100 billion of the American taxpayers' money.

We do not need this kind of irresponsibility. That is not what this program started out as. It has been perverted to be that now. Section 3 is just that kind of perversion, where we end up now increasing it precipitously from $100,000 to $130,000. It should be basically back in the arena of the average American taxpayer instead of protecting the rich.

So with that said, I can remember personally, just to note, I remember during the mid-1980s when I worked in the White House, a friend of mine from the Reagan administration was in charge of one of those institutions, savings and loans, and he was being attacked because he was not giving out enough loans to various people and various institutions that would be guaranteed. He was not giving out these guaranteed loans, and I called him up, I said, Well what is the matter? Are you not part of the team? We want to have a strong economy. He said, Dana, we are being put behind the eight ball. Every one of these things that we are giving out has a government guarantee because of this deposit insurance, and it is going to take us right down the road to economic hell.

Well, that is exactly what happened, and we should not be going in that direction anymore. We should be doing a reversal, making the system more responsible, asking people to be more responsible with their money and where they put it and not having the middle-class taxpayer subsidizing rich people by guaranteeing wherever they would want to put their money.

I oppose the amendment, and I will be proposing an amendment later on.

Mr. FRANK of Massachusetts. Mr. Chairman, before I yield, I just would say sometimes we have debates about where does wealth begin and what is middle class, et cetera. I guess I would differ with the gentleman from California that if you have $100,000 in the bank, you are a little guy, but if you have $130,000, you are rich. I think that unduly compresses the middle class. I think much more is being made, frankly, over $30,000 than is deserved.

Mr. Chairman, I yield 3 minutes to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time. I would also like to thank the gentleman from Ohio (Chairman OXLEY) for his work. In addition, I would like to thank the gentleman from Alabama (Mr. BACHUS) whose bill we have before us today who has done a tremendous job and recognize his staff for all of their hard work.

The FDIC reform bill is truly a bipartisan piece of legislation that continues the bipartisan working style of the Committee on Financial Services that has allowed the committee to be extraordinarily productive.

The FDIC Reform Act of 2005 contains needed reforms that will bring the deposit insurance system into the 21st century by enhancing the value of our insured deposits, improving retirement security for all Americans, and ensuring that the value, cost, and benefit of deposit insurance is shared equally.

Most importantly, H.R. 1185 gives flexibility of the FDIC to manage the deposit insurance according to risk and economic conditions. No longer will we ask financial institutions to pay higher insurance premiums when banks can least afford to pay them and when funds are most needed for lending to jump-start our economic growth.

H.R. 1185 updates the deposit insurance coverage levels for the first time in 25 years. I agree with my ranking member who said we are making a much bigger deal out of the $30,000.

H.R. 1185 also updates deposit insurance coverage levels for the first time, as I said, in 25 years. It increases the maximum coverage from $100,000 to $130,000, doubles the amount of coverage for retirement funds to enhance the retirement security of our senior citizens and those planning for retirement, and indexes for inflation every 5 years as a way of preserving the value of the deposit insurance safety net. H.R. 1185 also increases coverage limits for in-state municipal deposits to $2 million or 80 percent of any deposits over $130,000, whichever is less.

By extending municipal deposit coverage, this bill not only protects taxpayers from potential consequences of a failure of local financial institutions but promotes community development by encouraging local government agencies to keep their funds on deposit with a local financial institution, thereby making the funds available for lending back to the community. So it makes a lot of sense when we look at our small local banks.

Finally, this bill takes the needed step of merging FDIC's Bank Insurance Fund and the Savings Association Insurance Fund, eliminating potential disparities in the premiums paid by banks and thrifts, and reducing the administrative burden of operating two separate insurance funds.

This legislation will give Americans an even more stable and secure insurance system for deposits in their banks, thrifts, and credit unions. These needed reforms will bring the deposit insurance system into the 21st century by enhancing the value of our insured deposits, improving retirement security for all Americans, and ensuring that the value, cost, and benefit of deposit insurance is shared equally.

I urge my colleagues to support the FDIC Reform Act of 2005.

Mr. BACHUS. Mr. Chairman, I yield myself all remaining time.

There are several things I think we need to say to correct the record. One was it was said by the gentleman in opposition that this was taxpayer guaranteed; and, in fact, these deposits are insured not by the taxpayer, but by the BIF and SAIF funds; and it is the depository that insures his own accounts. And for the taxpayer to pay one red cent, all assets of every federally insured financial institution would have to be exhausted before the taxpayer would have to pay one cent. In other words, all the assets of all of the federally insured banks and savings associations would have to be paid.

And in that regard, I am sure the gentleman from California would agree that if that moment ever came, we would be, we would probably be in dire straights, and I certainly never anticipate that happening. It has never happened in the history of our country. The savings and loans were exhausted, not the banks. The BIF account has never been exhausted; the savings and loan account thing was exhausted because of failures of savings and loans.

And if we say, as the gentleman said, that the reason why all the savings and loans failed is because we increased coverage from $100,000 to $130,000, we did that for the banks and the credit unions at the same time. No credit unions failed; very few banks failed. In some States, no institutions failed, where in States like California, Texas, where you had weak regulation, weak oversight, several failed; or you had the oil patch in Texas where many of them failed.

In fact, the cost to the taxpayer would have been greater had the first $100,000 of accounts not been insured. It would have been a much greater loss. Thank goodness the first $100,000 of accounts were insured. If we had another failure today, $130,000 would be insured, and we would have insurance for it. So to say that insurance coverage is taxpayer funded, the taxpayer is not funding this. If the taxpayer were funding it, his analogy would be right.

And the last thing that he says, and he has said this, is that this was the cause of the savings and loans to fail. This has been looked at by this Congress, it has been looked at by the FDIC, it has been looked at by the Federal Reserve and, actually, I am going to introduce this. This is about 20 different reasons that government reports have causes for the failures of the S&Ls; and on that list of 20, nowhere does it say because of an increase in coverage. In fact, the FBI submitted what they thought were the reasons, the FDIC submitted what they thought were the reasons, all the bank regulators, and nowhere on any of those lists do we find increase in coverage. In fact, what you do find is one study showed that taxpayer exposure was less because the funds were insured up to $100,000.

Mr. Chairman, I will just simply close by saying that all the Federal bank regulators say that this legislation will strengthen and reform our Federal guarantee program for bank deposits and by saying that today, if you sell a house for $120,000 or $140,000 or $160,000 or $200,000 and you deposit the proceeds in your bank account, you are probably not a rich person by definition. If you decide to buy a house and you put $150,000 in the bank or transfer it or get a loan from a bank and you deposit it in your account, you lose that, you certainly would not be defined as rich. And if you have a 401(k) and you happen to have over $100,000 in it, that does not make you a rich person. In fact, that represents, for many people, their entire savings is a 401(k); and, increasingly, those accounts are running over $100,000.

□ 1500

That is why the AARP and the Securities Investment Institute both endorsed this legislation.

Mr. Chairman, I yield back the balance of my time.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 3 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. Mr. Chairman, I thank the gentleman for yielding the time and for his leadership as a whole.

Mr. Chairman, I am very supportive of this outstanding bipartisan bill. I am supportive of the overwhelming majority of the provisions in it. It is long past due to merge the BIF and SAIF insurance funds, and additionally, eliminating the 23 basis point clip, and providing a new premium system that takes into account the past contributions of institutions are major steps forward.

The bill includes a mechanism for determining credits for past contributions to the insurance funds that is based on an amendment that I cosponsored with former Representative Bereuter. This is a very, very important provision as a matter of fairness to institutions that recapitalized the funds, and I thank very much the gentleman from Alabama (Mr. BACHUS) for including this balanced and important amendment in the base legislation.

Despite the many very positive parts of this bill, I believe the immediate 30 percent increase in insurance coverage in the bill is a serious mistake. This coverage increase to $130,000 is opposed by many Federal financial service regulators, including Alan Greenspan. I would like to place in the RECORD his comments in opposition, and state that I support the bill overwhelming, but this provision I am opposed to.

I thank the leadership and the ranking member for working in a balanced way to move this important legislation forward.

Mr. FRANK of Massachusetts. Mr. Chairman, in a very impressive display of bipartisanship, I am now going to yield some of our time to the manager of the bill for the majority.

Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama (Mr. BACHUS) as long as he does not talk about the Rohrabacher amendment.

Mr. BACHUS. Mr. Chairman, I had one glaring oversight in this entire debate concerning the bill. And that is the fact that the gentlewoman from Oregon (Ms. HOOLEY) who really played a monumental part in this legislation over the past 2 or 3 years and actually was the original cosponsor of this legislation has not been recognized.

I would like to commend her for her fine work on this bill. And I guess it is

a credit to her and her personality, despite that oversight she did not call attention to my omission. And so I commend the gentlewoman from Oregon (Ms. HOOLEY). She is an outstanding Member of this body. And in this legislation, she deserves a lot of credit for its passage and its support.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the gentleman from Alabama (Mr. BACHUS) for his great graciousness in what he had to say. And let me say in deference to the chairman of the committee, the gentleman from Ohio (Mr. OXLEY) a great baseball leader, if you notice, I yielded to the gentleman from Alabama (Mr. BACHUS), who then came back to this side to thank us.

If you're scoring this, it is 3 to 6 to 3, I believe is the appropriate scoring.

Mr. PAUL. Mr. Chairman, H.R. 1185, the Federal Deposit Insurance Reform Act, expands the federal government's unconstitutional control over the financial services industry and raises taxes on all financial institutions. Furthermore, this legislation could increase the possibility of future bank failures. Therefore, I must oppose this bill.

I primarily object to the provisions in H.R. 1185 which may increase the premiums assessed on participating financial institutions. These "premiums," which are actually taxes, are the premier sources of funds for the Deposit Insurance Fund. This fund is used to bail out banks who experience difficulties meeting their commitments to their depositors. Thus, the deposit insurance system transfers liability for poor management decisions from those who made the decisions, to their competitors. This system punishes those financial institutions which follow sound practices, as they are forced to absorb the losses of their competitors. This also compounds the moral hazard problem created whenever government socializes business losses.

In the event of a severe banking crisis, Congress will likely transfer funds from the general revenue into the Deposit Insurance Fund, which could make all taxpayers liable for the mistakes of a few. Of course, such a bailout would require separate authorization from Congress, but can anyone imagine Congress saying "No" to banking lobbyists pleading for relief from the costs of bailing out their weaker competitors?

Government subsidies lead to government control, as regulations are imposed on the recipients of the subsidies in order to address the moral hazard problem. This is certainly the case in banking, which is one of the most heavily regulated industries in America. However, as George Kaufman, the John Smith Professor of Banking and Finance at Loyola University in Chicago, and co-chair of the Shadow Financial Regulatory Committee, pointed out in a study for the CATO Institutes, the FDIC's history of poor management exacerbated the banking crisis of the eighties and nineties. Professor Kaufman properly identifies a key reason for the FDIC's poor track record in protecting individual depositors: regulators have incentives to downplay or even cover-up problems in the financial system such as banking facilities. Banking failures are black marks on the regulators' records. In addition, regulators may be subject to political pressure to delay imposing sanctions on failing institutions, thus increasing the magnitude of the loss.

Immediately after a problem in the banking industry comes to light, the media and Congress will inevitably blame it on regulators who were "asleep at the switch." Yet, most politicians continue to believe that giving the very regulators whose incompetence (or worst) either caused or contributed to the problem will somehow prevent future crises!

The presence of deposit insurance and government regulations removes incentives for individuals to act on their own to protect their deposits or even inquire as to the health of their financial institutions. After all, why should individuals be concerned with the health of their financial institutions when the federal government is insuring banks following sound practices and has insured their deposits?

Finally, I would remind my colleagues that the federal deposit insurance program lacks constitutional authority. Congress' only mandate in the area of money, and banking is to maintain the value of the money. Unfortunately, Congress abdicated its responsibility over monetary policy with the passage of the Federal Reserve Act of 1913, which allows the federal government to erode the value of the currency at the will of the central bank. Congress's embrace of fiat money is directly responsible for the instability in the banking system that created the justification for deposit insurance.

In conclusion, Mr. Speaker, H.R. 1185 imposes new taxes on financial institutions, forces sound institutions to pay for the mistakes of their reckless competitors, increases the chances of taxpayers being forced to bail out unsound financial institutions, reduces individual depositors' incentives to take action to protect their deposits, and exceeds Congress's constitutional authority. I therefore urge my colleagues to reject this bill. Instead of extending this federal program, Congress should work to prevent the crises which justify government programs like deposit insurance, by fulfilling our constitutional responsibility to pursue sound monetary policies.

Mr. HENSARLING. Mr. Chairman, I rise today in support of H.R. 1185, the Federal Deposit Insurance Reform Act of 2005. As a member of the Financial Services Committee, I want to thank Chairman OXLEY and Subcommittee Chairman BACHUS for their work on this legislation and for acting quickly in this new Congress to address this matter of importance to banks and depositors alike.

This legislation, which passed by a vote of 411–11 in the 108th Congress, will help to create a more stable, fair, and secure banking system. By combining the Banking Insurance Fund and the Savings Association Insurance Fund into one single fund, the risk that a couple of large institutions could fail and impair each fund is greatly reduced. Merging these funds will help to increase fairness in our banking system by eliminating the possibility that two institutions of similar sizes could essentially be paying different premiums. Furthermore, the merged fund will make reporting and accounting less burdensome for both the institutions and the FDIC.

Our deposit insurance system plays a vital role in our economic security. This legislation will give the FDIC the necessary flexibility to respond to varying economic conditions, allowing them to properly price premiums to reflect risk. By eliminating the 23 basis point premium "rate cliff' required under current law, more institutions will have more capital to invest in our economy.

Although I support the majority of provisions of H.R. 1185, I do want to take this time to express my concerns with Section 3 of this legislation. This section of the bill would increase a financial institution's insurance limit for individual accounts from $100,000 to $130,000. Section 3 also doubles the coverage for retirement accounts to $260,000 and increases the coverage limit for municipal accounts to $2 million or 80 percent of any deposits over $130,000. I believe that arbitrarily increasing these limits will unnecessarily expose American taxpayers to the increased hazards associated with shifting risk from private institutions to the federal government. Further, such a provision is likely to decrease a depositor's concern for the financial well being of their bank while at the same time diminishing market discipline. It is my hope that these factors are given full consideration should H.R. 1185 be considered in conference with the Senate.

Mr. Chairman, FDIC Chairman Powell stated in his testimony to the Financial Services Committee on March 17, 2005, that H.R. 1185 gives Congress an "opportunity to remedy flaws in the deposit insurance system before those flaws cause actual damage either to the banking industry or our economy as a whole." As a member of that committee, I am glad to see this body act so expeditiously on this legislation, and I urge my colleagues to vote for H.R. 1185.

Mr. CANTOR. Mr. Chairman, I rise today to speak in favor of the Federal Deposit Insurance Reform Act. This important piece of legislation modernizes the insurance funds on which Americans depend.

The current amount of deposit insurance coverage has been the same since 1980, so it is important that we make these necessary increases to keep up with inflation and encourage people to save. This bill raises the coverage on savings and retirement accounts and gives reassurance to investors saving for their future.

Increasing the amount of deposit insurance coverage will benefit all banks, small and large, by providing more certainty to the investment community. It is important that we give every American peace of mind when placing their money in our savings system.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill shall be considered by sections as an original bill for purpose of amendment, and each section is considered read.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Clerk will designate section 1.

The text of section 1 is as follows:

H.R. 1185

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Federal Deposit Insurance Reform Act of 2005''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Merging the BIF and SAIF.
Sec. 3. Increase in deposit insurance coverage.
Sec. 4. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance.
Sec. 5. Replacement of fixed designated reserve ratio with reserve range.
Sec. 6. Requirements applicable to the risk-based assessment system.
Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.
Sec. 8. Deposit Insurance Fund restoration plans.
Sec. 9. Regulations required.
Sec. 10. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system.
Sec. 11. Bi-annual FDIC survey and report on increasing the deposit base by encouraging use of depository institutions by the unbanked.
Sec. 12. Technical and conforming amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF.
Sec. 13. Other technical and conforming amendments relating to the merger of the BIF and SAIF.

The CHAIRMAN. Are there any amendments to section 1?

If not, the Clerk will designate section 2.

The text of section 2 is as follows:

SEC. 2. MERGING THE BIF AND SAIF.

(a) IN GENERAL.—

(1) MERGER.—The Bank Insurance Fund and the Savings Association Insurance Fund shall be merged into the Deposit Insurance Fund.

(2) DISPOSITION OF ASSETS AND LIABILITIES.—All assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance Fund shall be transferred to the Deposit Insurance Fund.

(3) NO SEPARATE EXISTENCE.—The separate existence of the Bank Insurance Fund and the Savings Association Insurance Fund shall cease on the effective date of the merger thereof under this section.

(b) REPEAL OF OUTDATED MERGER PROVISION.—Section 2704 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note) is repealed.

(c) EFFECTIVE DATE.—This section shall take effect on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

Mr. OXLEY. Mr. Chairman, I ask unanimous consent that the remainder of the committee amendment in the nature of a substitute be printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The text of the remainder of the committee amendment in the nature of a substitute is as follows:

SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.

(a) IN GENERAL.—Section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amended—

(1) by striking subparagraph (B) and inserting the following new subparagraph:

''(B) NET AMOUNT OF INSURED DEPOSIT.—The net amount due to any depositor at an insured depository institution shall not exceed the standard maximum deposit insurance amount as determined in accordance with subparagraphs (C), (D), (E) and (F) and paragraph (3).''; and

(2) by adding at the end the following new subparagraphs:

''(E) STANDARD MAXIMUM DEPOSIT INSURANCE AMOUNT DEFINED.—For purposes of this Act, the term 'standard maximum deposit insurance amount' means—

''(i) until the effective date of final regulations prescribed pursuant to section 9(a)(2) of the Federal Deposit Insurance Reform Act of 2005, $100,000; and

''(ii) on and after such effective date, $130,000, adjusted as provided under subparagraph (F).

''(F) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—By April 1 of 2007, and the 1st day of each subsequent 5-year period, the Board of Directors and the National Credit Union Administration Board shall jointly prescribe the amount by which the standard maximum deposit insurance amount and the standard maximum share insurance amount (as defined in section 207(k) of the Federal Credit Union Act) applicable to any depositor at an insured depository institution shall be increased by calculating the product of—

''(I) $130,000; and

''(II) the ratio of the value of the Personal Consumption Expenditures Chain-Type Index (or any successor index thereto), published by the Department of Commerce, as of December 31 of the year preceding the year in which the adjustment is calculated under this clause, to the value of such index as of the date this subparagraph takes effect.

''(ii) ROUNDING.—If the amount determined under clause (ii) for any period is not a multiple of $10,000, the amount so determined shall be rounded to the nearest $10,000.

''(iii) PUBLICATION AND REPORT TO THE CONGRESS.—Not later than April 5 of any calendar year in which an adjustment is required to be calculated under clause (i) to the standard maximum deposit insurance amount and the standard maximum share insurance amount under such clause, the Board of Directors and the National Credit Union Administration Board shall—

''(I) publish in the Federal Register the standard maximum deposit insurance amount, the standard maximum share insurance amount, and the amount of coverage under paragraph (3)(A) and section 207(k)(3) of the Federal Credit Union Act, as so calculated; and

''(II) jointly submit a report to the Congress containing the amounts described in subclause (I).

''(iv) 6-MONTH IMPLEMENTATION PERIOD.—Unless an Act of Congress enacted before July 1 of the calendar year in which an adjustment is required to be calculated under clause (i) provides otherwise, the increase in the standard maximum deposit insurance amount and the standard maximum share insurance amount shall take effect on January 1 of the year immediately succeeding such calendar year.''.

(b) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—Section 11(a)(1)(D) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(D)) is amended to read as follows:

''(D) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—

''(i) PASS-THROUGH INSURANCE.—The Corporation shall provide pass-through deposit insurance for the deposits of any employee benefit plan.

''(ii) PROHIBITION ON ACCEPTANCE OF BENEFIT PLAN DEPOSITS.—An insured depository institution that is not well capitalized or adequately capitalized may not accept employee benefit plan deposits.

''(iii) DEFINITIONS.—For purposes of this subparagraph, the following definitions shall apply:

''(I) CAPITAL STANDARDS.—The terms 'well capitalized' and 'adequately capitalized' have the same meanings as in section 38.

''(II) EMPLOYEE BENEFIT PLAN.—The term 'employee benefit plan' has the same meaning as in paragraph (8)(B)(ii), and includes any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986.

''(III) PASS-THROUGH DEPOSIT INSURANCE.—The term 'pass-through deposit insurance' means, with respect to an employee benefit plan, deposit insurance coverage provided on a pro rata basis to the participants in the plan, in accordance with the interest of each participant.''.

(c) DOUBLING OF DEPOSIT INSURANCE FOR CERTAIN RETIREMENT ACCOUNTS.—Section 11(a)(3)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(3)(A)) is amended by striking ''$100,000'' and inserting ''2 times the standard maximum deposit insurance amount (as determined under paragraph (1))''.

(d) INCREASED INSURANCE COVERAGE FOR MUNICIPAL DEPOSITS.—Section 11(a)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(2)) is amended—

(1) in subparagraph (A)—

(A) by moving the margins of clauses (i) through (v) 4 ems to the right;

(B) by striking, in the matter following clause (v), ''such depositor shall'' and all that follows through the period; and

(C) by striking the semicolon at the end of clause (v) and inserting a period;

(2) by striking ''(2)(A) Notwithstanding'' and all that follows through ''a depositor who is—'' and inserting the following:

''(2) MUNICIPAL DEPOSITORS.—

''(A) IN GENERAL.—Notwithstanding any limitation in this Act or in any other provision of law relating to the amount of deposit insurance available to any 1 depositor—

''(i) a municipal depositor shall, for the purpose of determining the amount of insured deposits under this subsection, be deemed to be a depositor separate and distinct from any other officer, employee, or agent of the United States or any public unit referred to in subparagraph (E); and

''(ii) except as provided in subparagraph (B), the deposits of a municipal depositor shall be insured in an amount equal to the standard maximum deposit insurance amount (as determined under paragraph (1)).

''(B) IN-STATE MUNICIPAL DEPOSITORS.—In the case of the deposits of an in-State municipal depositor described in clause (ii), (iii), (iv), or (v) of subparagraph (E) at an insured depository institution, such deposits shall be insured in an amount not to exceed the lesser of—

''(i) $2,000,000; or

''(ii) the sum of the standard maximum deposit insurance amount and 80 percent of the amount of any deposits in excess of the standard maximum deposit insurance amount.

''(C) MUNICIPAL DEPOSIT PARITY.—No State may deny to insured depository institutions within its jurisdiction the authority to accept deposits insured under this paragraph, or prohibit the making of such deposits in such institutions by any in-State municipal depositor.

''(D) IN-STATE MUNICIPAL DEPOSITOR DEFINED.—For purposes of this paragraph, the term 'in-State municipal depositor' means a municipal depositor that is located in the same State as the office or branch of the insured depository institution at which the deposits of that depositor are held.

''(E) MUNICIPAL DEPOSITOR.—In this paragraph, the term 'municipal depositor' means a depositor that is—'';

(3) by striking ''(B) The'' and inserting the following:

''(F) AUTHORITY TO LIMIT DEPOSITS.—The''; and

(4) by striking ''depositor referred to in subparagraph (A) of this paragraph'' each place such term appears and inserting ''municipal depositor''.

(e) TECHNICAL AND CONFORMING AMENDMENT RELATING TO INSURANCE OF TRUST FUNDS.—Paragraphs (1) and (3) of section 7(i) of the Federal Deposit Insurance Act (12 U.S.C. 1817(i)) are each amended by striking ''$100,000'' and inserting ''the standard maximum deposit insurance amount (as determined under section 11(a)(1))''.

(f) OTHER TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 11(m)(6) of the Federal Deposit Insurance Act (12 U.S.C. 1821(m)(6)) is amended by striking ''$100,000'' and inserting ''an amount equal to the standard maximum deposit insurance amount''.

(2) Subsection (a) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)) is amended to read as follows:

''(a) INSURANCE LOGO.—

''(1) INSURED DEPOSITORY INSTITUTIONS.—

''(A) IN GENERAL.—Each insured depository institution shall display at each place of business maintained by that institution a sign or signs relating to the insurance of the deposits of the institution, in accordance with regulations to be prescribed by the Corporation.

''(B) STATEMENT TO BE INCLUDED.—Each sign required under subparagraph (A) shall include a statement that insured deposits are backed by the full faith and credit of the United States Government.

''(2) REGULATIONS.—The Corporation shall prescribe regulations to carry out this subsection, including regulations governing the substance of signs required by paragraph (1) and the manner of display or use of such signs.

''(3) PENALTIES.—For each day that an insured depository institution continues to violate this subsection or any regulation issued under this subsection, it shall be subject to a penalty of not more than $100, which the Corporation may recover for its use.''.

(3) Section 43(d) of the Federal Deposit Insurance Act (12 U.S.C. 1831t(d)) is amended by striking ''$100,000'' and inserting ''an amount equal to the standard maximum deposit insurance amount''.

(4) Section 6 of the International Banking Act of 1978 (12 U.S.C. 3104) is amended—

(A) by striking ''$100,000'' each place such term appears and inserting ''an amount equal to the standard maximum deposit insurance amount''; and

(B) by adding at the end the following new subsection:

''(e) STANDARD MAXIMUM DEPOSIT INSURANCE AMOUNT DEFINED.—For purposes of this section, the term 'standard maximum deposit insurance amount' means the amount of the maximum amount of deposit insurance as determined under section 11(a)(1) of the Federal Deposit Insurance Act.''.

(g) CONFORMING CHANGE TO CREDIT UNION SHARE INSURANCE FUND.—

(1) IN GENERAL.—Section 207(k) of the Federal Credit Union Act (12 U.S.C. 1787(k)) is amended—

(A) by striking ''(k)(1)'' and all that follows through the end of paragraph (1) and inserting the following:

''(k) INSURED AMOUNTS PAYABLE.—

''(1) NET INSURED AMOUNT.—

''(A) IN GENERAL.—Subject to the provisions of paragraph (2), the net amount of share insurance payable to any member at an insured credit union shall not exceed the total amount of the shares or deposits in the name of the member (after deducting offsets), less any part thereof which is in excess of the standard maximum share insurance amount, as determined in accordance with this paragraph and paragraphs (5) and (6), and consistently with actions taken by the Federal Deposit Insurance Corporation under section 11(a) of the Federal Deposit Insurance Act.

''(B) AGGREGATION.—Determination of the net amount of share insurance under subparagraph (A), shall be in accordance with such regulations as the Board may prescribe, and, in determining the amount payable to any member, there shall be added together all accounts in the credit union maintained by that member for that member's own benefit, either in the member's own name or in the names of others.

''(C) AUTHORITY TO DEFINE THE EXTENT OF COVERAGE.—The Board may define, with such classifications and exceptions as it may prescribe, the extent of the share insurance coverage provided for member accounts, including member accounts in the name of a minor, in trust, or in joint tenancy.'';

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) in clauses (i) through (v), by moving the margins 4 ems to the right;

(II) in the matter following clause (v), by striking ''his account'' and all that follows through the period; and

(III) by striking the semicolon at the end of clause (v) and inserting a period;

(ii) by striking ''(2)(A) Notwithstanding'' and all that follows through ''a depositor or member who is—'' and inserting the following:

''(2) MUNICIPAL DEPOSITORS OR MEMBERS.—

''(A) IN GENERAL.—Notwithstanding any limitation in this Act or in any other provision of law relating to the amount of insurance available to any 1 depositor or member, deposits or shares of a municipal depositor or member shall be insured in an amount equal to the standard maximum share insurance amount (as determined under paragraph (5)), except as provided in subparagraph (B).

''(B) IN-STATE MUNICIPAL DEPOSITORS.—In the case of the deposits of an in-State municipal depositor described in clause (ii), (iii), (iv), or (v) of subparagraph (E) at an insured credit union, such deposits shall be insured in an amount equal to the lesser of—

''(i) $2,000,000; or

''(ii) the sum of the standard maximum deposit insurance amount and 80 percent of the amount of any deposits in excess of the standard maximum deposit insurance amount.

''(C) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as authorizing an insured credit union to accept the deposits of a municipal depositor in an amount greater than such credit union is authorized to accept under any other provision of Federal or State law.

''(D) IN-STATE MUNICIPAL DEPOSITOR DEFINED.—For purposes of this paragraph, the term 'in-State municipal depositor' means a municipal depositor that is located in the same State as the office or branch of the insured credit union at which the deposits of that depositor are held.

''(E) MUNICIPAL DEPOSITOR.—In this paragraph, the term 'municipal depositor' means a depositor that is—'';

(iii) by striking ''(B) The'' and inserting the following:

''(F) AUTHORITY TO LIMIT DEPOSITS.—The''; and

(iv) by striking ''depositor or member referred to in subparagraph (A)'' and inserting ''municipal depositor or member''; and

(C) by adding at the end the following new paragraphs:

''(4) COVERAGE FOR CERTAIN EMPLOYEE BENEFIT PLAN DEPOSITS.—

''(A) PASS-THROUGH INSURANCE.—The Administration shall provide pass-through share insurance for the deposits or shares of any employee benefit plan.

''(B) PROHIBITION ON ACCEPTANCE OF DEPOSITS.—An insured credit union that is not well capitalized or adequately capitalized may not accept employee benefit plan deposits.

''(C) DEFINITIONS.—For purposes of this paragraph, the following definitions shall apply:

''(i) CAPITAL STANDARDS.—The terms 'well capitalized' and 'adequately capitalized' have the same meanings as in section 216(c).

''(ii) EMPLOYEE BENEFIT PLAN.—The term 'employee benefit plan'—

''(I) has the meaning given to such term in section 3(3) of the Employee Retirement Income Security Act of 1974;

''(II) includes any plan described in section 401(d) of the Internal Revenue Code of 1986; and

''(III) includes any eligible deferred compensation plan described in section 457 of the Internal Revenue Code of 1986.

''(iii) PASS-THROUGH SHARE INSURANCE.—The term 'pass-through share insurance' means, with respect to an employee benefit plan, insurance coverage provided on a pro rata basis to the participants in the plan, in accordance with the interest of each participant.

''(D) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as authorizing an insured credit union to accept the deposits of an employee benefit plan in an amount greater than such credit union is authorized to accept under any other provision of Federal or State law.

''(5) STANDARD MAXIMUM SHARE INSURANCE AMOUNT DEFINED.—For purposes of this Act, the term 'standard maximum share insurance amount' means—

''(A) until the effective date of final regulations prescribed pursuant to section 9(a)(2) of the Federal Deposit Insurance Reform Act of 2005, $100,000; and

''(B) on and after such effective date, $130,000, adjusted as provided under section 11(a)(1)(F) of the Federal Deposit Insurance Act.''.

(2) DOUBLING OF SHARE INSURANCE FOR CERTAIN RETIREMENT ACCOUNTS.—Section 207(k)(3) of the Federal Credit Union Act (12 U.S.C. 1787(k)(3)) is amended by striking ''$100,000'' and inserting ''2 times the standard maximum share insurance amount (as determined under paragraph (1))''.

(h) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date the final regulations required under section 9(a)(2) take effect.

SEC. 4. SETTING ASSESSMENTS AND REPEAL OF SPECIAL RULES RELATING TO MINIMUM ASSESSMENTS AND FREE DEPOSIT INSURANCE.

(a) SETTING ASSESSMENTS.—Section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended—

(1) by striking subparagraphs (A) and (B) and inserting the following new subparagraphs:

''(A) IN GENERAL.—The Board of Directors shall set assessments for insured depository institutions in such amounts as the Board of Directors may determine to be necessary or appropriate, subject to subparagraph (D).

''(B) FACTORS TO BE CONSIDERED.—In setting assessments under subparagraph (A), the Board of Directors shall consider the following factors:

''(i) The estimated operating expenses of the Deposit Insurance Fund.

''(ii) The estimated case resolution expenses and income of the Deposit Insurance Fund.

''(iii) The projected effects of the payment of assessments on the capital and earnings of insured depository institutions.

''(iv) the risk factors and other factors taken into account pursuant to paragraph (1) under the risk-based assessment system, including the requirement under such paragraph to maintain a risk-based system.

''(v) Any other factors the Board of Directors may determine to be appropriate.''; and

(2) by inserting after subparagraph (C) the following new subparagraph:

''(D) BASE RATE FOR ASSESSMENTS.—

''(i) IN GENERAL.—In setting assessment rates pursuant to subparagraph (A), the Board of Directors shall establish a base rate of not more than 1 basis point (exclusive of any credit or dividend) for those insured depository institutions in the lowest-risk category under the risk-based assessment system established pursuant to paragraph (1). No insured depository institution shall be barred from the lowest-risk category solely because of size.

''(ii) SUSPENSION.—Clause (i) shall not apply during any period in which the reserve ratio of

the Deposit Insurance Fund is less than the amount which is equal to 1.15 percent of the aggregate estimated insured deposits.''.

(b) ASSESSMENT RECORDKEEPING PERIOD SHORTENED.—Paragraph (5) of section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended to read as follows:

''(5) DEPOSITORY INSTITUTION REQUIRED TO MAINTAIN ASSESSMENT-RELATED RECORDS.—Each insured depository institution shall maintain all records that the Corporation may require for verifying the correctness of any assessment on the insured depository institution under this subsection until the later of—

''(A) the end of the 3-year period beginning on the due date of the assessment; or

''(B) in the case of a dispute between the insured depository institution and the Corporation with respect to such assessment, the date of a final determination of any such dispute.''.

(c) INCREASE IN FEES FOR LATE ASSESSMENT PAYMENTS.—Subsection (h) of section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828(h)) is amended to read as follows:

''(h) PENALTY FOR FAILURE TO TIMELY PAY ASSESSMENTS.—

''(1) IN GENERAL.—Subject to paragraph (3), any insured depository institution which fails or refuses to pay any assessment shall be subject to a penalty in an amount not more than 1 percent of the amount of the assessment due for each day that such violation continues.

''(2) EXCEPTION IN CASE OF DISPUTE.—Paragraph (1) shall not apply if—

''(A) the failure to pay an assessment is due to a dispute between the insured depository institution and the Corporation over the amount of such assessment; and

''(B) the insured depository institution deposits security satisfactory to the Corporation for payment upon final determination of the issue.

''(3) SPECIAL RULE FOR SMALL ASSESSMENT AMOUNTS.—If the amount of the assessment which an insured depository institution fails or refuses to pay is less than $10,000 at the time of such failure or refusal, the amount of any penalty to which such institution is subject under paragraph (1) shall not exceed $100 for each day that such violation continues.

''(4) AUTHORITY TO MODIFY OR REMIT PENALTY.—The Corporation, in the sole discretion of the Corporation, may compromise, modify or remit any penalty which the Corporation may assess or has already assessed under paragraph (1) upon a finding that good cause prevented the timely payment of an assessment.''.

(d) ASSESSMENTS FOR LIFELINE ACCOUNTS.—

(1) IN GENERAL.—Section 232 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1834) is amended by striking subsection (c).

(2) CLARIFICATION OF RATE APPLICABLE TO DEPOSITS ATTRIBUTABLE TO LIFELINE ACCOUNTS.—Section 7(b)(2)(H) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)(H)) is amended by striking ''at a rate determined in accordance with such Act'' and inserting ''at ½ the assessment rate otherwise applicable for such insured depository institution''.

(3) REGULATIONS.—Section 232(a)(1) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1834(a)(1)) is amended by striking ''Board of Governors of the Federal Reserve System, and the''.

(e) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)(3)) is amended by striking the 3d sentence and inserting the following: ''Such reports of condition shall be the basis for the certified statements to be filed pursuant to subsection (c).''.

(2) Subparagraphs (B)(ii) and (C) of section 7(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)) are each amended by striking ''semiannual'' where such term appears in each such subparagraph.

(3) Section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended—

(A) by striking subparagraphs (E), (F), and (G);

(B) in subparagraph (C), by striking ''semiannual''; and

(C) by redesignating subparagraph (H) (as amended by subsection (e)(2) of this section) as subparagraph (E).

(4) Section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended by striking paragraph (4) and redesignating paragraphs (5) (as amended by subsection (b) of this section), (6), and (7) as paragraphs (4), (5), and (6) respectively.

(5) Section 7(c) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)) is amended—

(A) in paragraph (1)(A), by striking ''semiannual'';

(B) in paragraph (2)(A), by striking ''semiannual''; and

(C) in paragraph (3), by striking ''semiannual period'' and inserting ''initial assessment period''.

(6) Section 8(p) of the Federal Deposit Insurance Act (12 U.S.C. 1818(p)) is amended by striking ''semiannual''.

(7) Section 8(q) of the Federal Deposit Insurance Act (12 U.S.C. 1818(q)) is amended by striking ''semiannual period'' and inserting ''assessment period''.

(8) Section 13(c)(4)(G)(ii)(II) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)(4)(G)(ii)(II)) is amended by striking ''semiannual period'' and inserting ''assessment period''.

(9) Section 232(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1834(a)) is amended—

(A) in the matter preceding subparagraph (A) of paragraph (2), by striking ''the Board and'';

(B) in subparagraph (J) of paragraph (2), by striking ''the Board'' and inserting ''the Corporation'';

(C) by striking subparagraph (A) of paragraph (3) and inserting the following new subparagraph:

''(A) CORPORATION.—The term 'Corporation' means the Federal Deposit Insurance Corporation.''; and

(D) in subparagraph (C) of paragraph (3), by striking ''Board'' and inserting ''Corporation''.

(f) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date that the final regulations required under section 9(a)(5) take effect.

SEC. 5. REPLACEMENT OF FIXED DESIGNATED RESERVE RATIO WITH RESERVE RANGE.

(a) IN GENERAL.—Section 7(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)) is amended to read as follows:

''(3) DESIGNATED RESERVE RATIO.—

''(A) ESTABLISHMENT.—

''(i) IN GENERAL.—The Board of Directors shall designate, by regulation after notice and opportunity for comment, the reserve ratio applicable with respect to the Deposit Insurance Fund.

''(ii) NOT LESS THAN ANNUAL REDETERMINATION.—A determination under clause (i) shall be made by the Board of Directors at least before the beginning of each calendar year, for such calendar year, and at such other times as the Board of Directors may determine to be appropriate.

''(B) RANGE.—The reserve ratio designated by the Board of Directors for any year—

''(i) may not exceed 1.4 percent of estimated insured deposits; and

''(ii) may not be less than 1.15 percent of estimated insured deposits.

''(C) FACTORS.—In designating a reserve ratio for any year, the Board of Directors shall—

''(i) take into account the risk of losses to the Deposit Insurance Fund in such year and future years, including historic experience and potential and estimated losses from insured depository institutions;

''(ii) take into account economic conditions generally affecting insured depository institutions so as to allow the designated reserve ratio to increase during more favorable economic conditions and to decrease during less favorable economic conditions, notwithstanding the increased risks of loss that may exist during such less favorable conditions, as determined to be appropriate by the Board of Directors;

''(iii) seek to prevent sharp swings in the assessment rates for insured depository institutions; and

''(iv) take into account such other factors as the Board of Directors may determine to be appropriate, consistent with the requirements of this subparagraph.

''(D) PUBLICATION OF PROPOSED CHANGE IN RATIO.—In soliciting comment on any proposed change in the designated reserve ratio in accordance with subparagraph (A), the Board of Directors shall include in the published proposal a thorough analysis of the data and projections on which the proposal is based.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 3(y) of the Federal Deposit Insurance Act (12 U.S.C. 1813(y)) is amended—

(1) by striking ''(y) The term'' and inserting(y) Definitions Relating to Deposit Insurance Fund.—

''(1) DEPOSIT INSURANCE FUND.—The term''; and

(2) by inserting after paragraph (1) (as so designated by paragraph (1) of this subsection) the following new paragraph:

''(2) DESIGNATED RESERVE RATIO.—The term 'designated reserve ratio' means the reserve ratio designated by the Board of Directors in accordance with section 7(b)(3).''.

(c) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date that the final regulations required under section 9(a)(1) take effect.

SEC. 6. REQUIREMENTS APPLICABLE TO THE RISK-BASED ASSESSMENT SYSTEM.

Section 7(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(1)) is amended by adding at the end the following new subparagraphs:

''(E) INFORMATION CONCERNING RISK OF LOSS AND ECONOMIC CONDITIONS.—

''(i) SOURCES OF INFORMATION.—For purposes of determining risk of losses at insured depository institutions and economic conditions generally affecting depository institutions, the Corporation shall collect information, as appropriate, from all sources the Board of Directors considers appropriate, such as reports of condition, inspection reports, and other information from all Federal banking agencies, any information available from State bank supervisors, State insurance and securities regulators, the Securities and Exchange Commission (including information described in section 35), the Secretary of the Treasury, the Commodity Futures Trading Commission, the Farm Credit Administration, the Federal Trade Commission, any Federal reserve bank or Federal home loan bank, and other regulators of financial institutions, and any information available from credit rating entities, and other private economic or business analysts.

''(ii) CONSULTATION WITH FEDERAL BANKING AGENCIES.—

''(I) IN GENERAL.—Except as provided in subclause (II), in assessing the risk of loss to the Deposit Insurance Fund with respect to any insured depository institution, the Corporation shall consult with the appropriate Federal banking agency of such institution.

''(II) TREATMENT ON AGGREGATE BASIS.—In the case of insured depository institutions that are well capitalized (as defined in section 38) and, in the most recent examination, were found to be well managed, the consultation under subclause (I) concerning the assessment of the risk of loss posed by such institutions may be made on an aggregate basis.

''(iii) RULE OF CONSTRUCTION.—No provision of this paragraph shall be construed as providing any new authority for the Corporation to

require submission of information by insured depository institutions to the Corporation.

''(F) MODIFICATIONS TO THE RISK-BASED ASSESSMENT SYSTEM ALLOWED ONLY AFTER NOTICE AND COMMENT.—In revising or modifying the risk-based assessment system at any time after the date of the enactment of the Federal Deposit Insurance Reform Act of 2005, the Board of Directors may implement such revisions or modification in final form only after notice and opportunity for comment.''.

SEC. 7. REFUNDS, DIVIDENDS, AND CREDITS FROM DEPOSIT INSURANCE FUND.

(a) IN GENERAL.—Subsection (e) of section 7 of the Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is amended to read as follows:

''(e) REFUNDS, DIVIDENDS, AND CREDITS.—

''(1) REFUNDS OF OVERPAYMENTS.—In the case of any payment of an assessment by an insured depository institution in excess of the amount due to the Corporation, the Corporation may—

''(A) refund the amount of the excess payment to the insured depository institution; or

''(B) credit such excess amount toward the payment of subsequent assessments until such credit is exhausted.

''(2) DIVIDENDS FROM EXCESS AMOUNTS IN DEPOSIT INSURANCE FUND.—

''(A) RESERVE RATIO IN EXCESS OF 1.4 PERCENT OF ESTIMATED INSURED DEPOSITS.—Whenever the reserve ratio of the Deposit Insurance Fund exceeds 1.4 percent of estimated insured deposits, the Corporation shall declare the amount in the Fund in excess of the amount required to maintain the reserve ratio at 1.4 percent of estimated insured deposits, as dividends to be paid to insured depository institutions.

''(B) RESERVE RATIO EQUAL TO OR IN EXCESS OF 1.35 PERCENT OF ESTIMATED INSURED DEPOSITS AND NOT MORE THAN 1.4 PERCENT.—Whenever the reserve ratio of the Deposit Insurance Fund equals or exceeds 1.35 percent of estimated insured deposits and is not more than 1.4 percent of such deposits, the Corporation shall declare the amount in the Fund that is equal to 50 percent of the amount in excess of the amount required to maintain the reserve ratio at 1.35 percent of the estimated insured deposits as dividends to be paid to insured depository institutions.

''(C) BASIS FOR DISTRIBUTION OF DIVIDENDS.—

''(i) IN GENERAL.—Solely for the purposes of dividend distribution under this paragraph and credit distribution under paragraph (3)(B), the Corporation shall determine each insured depository institution's relative contribution to the Deposit Insurance Fund (or any predecessor deposit insurance fund) for calculating such institution's share of any dividend or credit declared under this paragraph or paragraph (3)(B), taking into account the factors described in clause (ii).

''(ii) FACTORS FOR DISTRIBUTION.—In implementing this paragraph and paragraph (3)(B) in accordance with regulations, the Corporation shall take into account the following factors:

''(I) The ratio of the assessment base of an insured depository institution (including any predecessor) on December 31, 1996, to the assessment base of all eligible insured depository institutions on that date.

''(II) The total amount of assessments paid on or after January 1, 1997, by an insured depository institution (including any predecessor) to the Deposit Insurance Fund (and any predecessor deposit insurance fund).

''(III) That portion of assessments paid by an insured depository institution (including any predecessor) that reflects higher levels of risk assumed by such institution.

''(IV) Such other factors as the Corporation may determine to be appropriate.

''(D) NOTICE AND OPPORTUNITY FOR COMMENT.—The Corporation shall prescribe by regulation, after notice and opportunity for comment, the method for the calculation, declaration, and payment of dividends under this paragraph.

''(3) CREDIT POOL.—

''(A) ONE-TIME CREDIT BASED ON TOTAL ASSESSMENT BASE AT YEAR-END 1996.—

''(i) IN GENERAL.—Before the end of the 270-day period beginning on the date of the enactment of the Federal Deposit Insurance Reform Act of 2005, the Board of Directors shall, by regulation, provide for a credit to each eligible insured depository institution, based on the assessment base of the institution (including any predecessor institution) on December 31, 1996, as compared to the combined aggregate assessment base of all eligible insured depository institutions, taking into account such factors as the Board of Directors may determine to be appropriate.

''(ii) CREDIT LIMIT.—The aggregate amount of credits available under clause (i) to all eligible insured depository institutions shall equal the amount that the Corporation could collect if the Corporation imposed an assessment of 12 basis points on the combined assessment base of the Bank Insurance Fund and the Savings Association Insurance Fund as of December 31, 2001.

''(iii) ELIGIBLE INSURED DEPOSITORY INSTITUTION DEFINED.—For purposes of this paragraph, the term 'eligible insured depository institution' means any insured depository institution that—

''(I) was in existence on December 31, 1996, and paid a deposit insurance assessment prior to that date; or

''(II) is a successor to any insured depository institution described in subclause (I).

''(iv) APPLICATION OF CREDITS.—

''(I) IN GENERAL.—The amount of a credit to any eligible insured depository institution under this paragraph shall be applied by the Corporation, subject to subsection (b)(3)(E), to the assessments imposed on such institution under subsection (b) that become due for assessment periods beginning after the effective date of regulations prescribed under clause (i).

''(II) REGULATIONS.—The regulations prescribed under clause (i) shall establish the qualifications and procedures governing the application of assessment credits pursuant to subclause (I).

''(v) LIMITATION ON AMOUNT OF CREDIT FOR CERTAIN DEPOSITORY INSTITUTIONS.—In the case of an insured depository institution that exhibits financial, operational, or compliance weaknesses ranging from moderately severe to unsatisfactory, or is not adequately capitalized (as defined in section 38) at the beginning of an assessment period, the amount of any credit allowed under this paragraph against the assessment on that depository institution for such period may not exceed the amount calculated by applying to that depository institution the average assessment rate on all insured depository institutions for such assessment period.

''(vi) PREDECESSOR DEFINED.—For purposes of this paragraph, the term 'predecessor', when used with respect to any insured depository institution, includes any other insured depository institution acquired by or merged with such insured depository institution.

''(B) ON-GOING CREDIT POOL.—

''(i) IN GENERAL.—In addition to the credit provided pursuant to subparagraph (A) and subject to the limitation contained in clause (v) of such subparagraph, the Corporation shall, by regulation, establish an on-going system of credits to be applied against future assessments under subsection (b)(1) on the same basis as the dividends provided under paragraph (2)(C).

''(ii) LIMITATION ON CREDITS UNDER CERTAIN CIRCUMSTANCES.—No credits may be awarded by the Corporation under this subparagraph during any period in which—

''(I) the reserve ratio of the Deposit Insurance Fund is less than the designated reserve ratio of such Fund; or

''(II) the reserve ratio of the Fund is less than 1.25 percent of the amount of estimated insured deposits.

''(iii) CRITERIA FOR DETERMINATION.—In determining the amounts of any assessment credits under this subparagraph, the Board of Directors shall take into account the factors for designating the reserve ratio under subsection (b)(3) and the factors for setting assessments under subsection (b)(2)(B).

''(4) ADMINISTRATIVE REVIEW.—

''(A) IN GENERAL.—The regulations prescribed under paragraph (2)(D) and subparagraphs (A) and (B) of paragraph (3) shall include provisions allowing an insured depository institution a reasonable opportunity to challenge administratively the amount of the credit or dividend determined under paragraph (2) or (3) for such institution.

''(B) ADMINISTRATIVE REVIEW.—Any review under subparagraph (A) of any determination of the Corporation under paragraph (2) or (3) shall be final and not subject to judicial review.''.

(b) DEFINITION OF RESERVE RATIO.—Section 3(y) of the Federal Deposit Insurance Act (12 U.S.C. 1813(y)) (as amended by section 5(b) of this Act) is amended by adding at the end the following new paragraph:

''(3) RESERVE RATIO.—The term 'reserve ratio', when used with regard to the Deposit Insurance Fund other than in connection with a reference to the designated reserve ratio, means the ratio of the net worth of the Deposit Insurance Fund to the value of the aggregate estimated insured deposits.''.

SEC. 8. DEPOSIT INSURANCE FUND RESTORATION PLANS.

Section 7(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)) (as amended by section 5(a) of this Act) is amended by adding at the end the following new subparagraph:

''(E) DIF RESTORATION PLANS.—

''(i) IN GENERAL.—Whenever—

''(I) the Corporation projects that the reserve ratio of the Deposit Insurance Fund will, within 6 months of such determination, fall below the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio; or

''(II) the reserve ratio of the Deposit Insurance Fund actually falls below the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio without any determination under subclause (I) having been made,

the Corporation shall establish and implement a Deposit Insurance Fund restoration plan within 90 days that meets the requirements of clause (ii) and such other conditions as the Corporation determines to be appropriate.

''(ii) REQUIREMENTS OF RESTORATION PLAN.—A Deposit Insurance Fund restoration plan meets the requirements of this clause if the plan provides that the reserve ratio of the Fund will meet or exceed the minimum amount specified in subparagraph (B)(ii) for the designated reserve ratio before the end of the 10-year period beginning upon the implementation of the plan.

''(iii) RESTRICTION ON ASSESSMENT CREDITS.—As part of any restoration plan under this subparagraph, the Corporation may elect to restrict the application of assessment credits provided under subsection (e)(3) for any period that the plan is in effect.

''(iv) LIMITATION ON RESTRICTION.—Notwithstanding clause (iii), while any restoration plan under this subparagraph is in effect, the Corporation shall apply credits provided to an insured depository institution under subsection (e)(3) against any assessment imposed on the institution for any assessment period in an amount equal to the lesser of—

''(I) the amount of the assessment; or

''(II) the amount equal to 3 basis points of the institution's assessment base.

''(v) TRANSPARENCY.—Not more than 30 days after the Corporation establishes and implements a restoration plan under clause (i), the Corporation shall publish in the Federal Register a detailed analysis of the factors considered and the basis for the actions taken with regard to the plan.''.

SEC. 9. REGULATIONS REQUIRED.

(a) IN GENERAL.—Not later than 270 days after the date of the enactment of this Act, the

Board of Directors of the Federal Deposit Insurance Corporation shall prescribe final regulations, after notice and opportunity for comment—

(1) designating the reserve ratio for the Deposit Insurance Fund in accordance with section 7(b)(3) of the Federal Deposit Insurance Act (as amended by section 5 of this Act);

(2) implementing increases in deposit insurance coverage in accordance with the amendments made by section 3 of this Act;

(3) implementing the dividend requirement under section 7(e)(2) of the Federal Deposit Insurance Act (as amended by section 7 of this Act);

(4) implementing the 1-time assessment credit to certain insured depository institutions in accordance with section 7(e)(3) of the Federal Deposit Insurance Act, as amended by section 7 of this Act, including the qualifications and procedures under which the Corporation would apply assessment credits; and

(5) providing for assessments under section 7(b) of the Federal Deposit Insurance Act, as amended by this Act.

(b) RULE OF CONSTRUCTION.—No provision of this Act or any amendment made by this Act shall be construed as affecting the authority of the Corporation to set or collect deposit insurance assessments before the effective date of the final regulations prescribed under subsection (a).

SEC. 10. STUDIES OF FDIC STRUCTURE AND EXPENSES AND CERTAIN ACTIVITIES AND FURTHER POSSIBLE CHANGES TO DEPOSIT INSURANCE SYSTEM.

(a) STUDY BY COMPTROLLER GENERAL.—

(1) STUDY REQUIRED.—The Comptroller General shall conduct a study of the following issues:

(A) The efficiency and effectiveness of the administration of the prompt corrective action program under section 38 of the Federal Deposit Insurance Act by the Federal banking agencies (as defined in section 3 of such Act), including the degree of effectiveness of such agencies in identifying troubled depository institutions and taking effective action with respect to such institutions, and the degree of accuracy of the risk assessments made by the Corporation.

(B) The appropriateness of the organizational structure of the Federal Deposit Insurance Corporation for the mission of the Corporation taking into account—

(i) the current size and complexity of the business of insured depository institutions (as such term is defined in section 3 of the Federal Deposit Insurance Act);

(ii) the extent to which the organizational structure contributes to or reduces operational inefficiencies that increase operational costs; and

(iii) the effectiveness of internal controls.

(2) REPORT TO THE CONGRESS.—The Comptroller General shall submit a report to the Congress before the end of the 1-year period beginning on the date of the enactment of this Act containing the findings and conclusions of the Comptroller General with respect to the study required under paragraph (1) together with such recommendations for legislative or administrative action as the Comptroller General may determine to be appropriate.

(b) STUDY OF FURTHER POSSIBLE CHANGES TO DEPOSIT INSURANCE SYSTEM.—

(1) STUDY REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall each conduct a study of the following:

(A) The feasibility of establishing a voluntary deposit insurance system for deposits in excess of the maximum amount of deposit insurance for any depositor and the potential benefits and the potential adverse consequences that may result from the establishment of any such system.

(B) The feasibility of privatizing all deposit insurance at insured depository institutions and insured credit unions.

(2) REPORT.—Before the end of the 1-year period beginning on the date of the enactment of this Act, the Board of Directors of the Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall each submit a report to the Congress on the study required under paragraph (1) containing the findings and conclusions of the reporting agency together with such recommendations for legislative or administrative changes as the agency may determine to be appropriate.

(c) STUDY REGARDING APPROPRIATE DEPOSIT BASE IN DESIGNATING RESERVE RATIO.—

(1) STUDY REQUIRED.—The Federal Deposit Insurance Corporation shall conduct a study of the feasibility of using actual domestic deposits rather than estimated insured deposits in calculating the reserve ratio of the Deposit Insurance Fund and designating a reserve ratio for such Fund.

(2) REPORT.—The Federal Deposit Insurance Corporation shall submit a report to the Congress before the end of the 1-year period beginning on the date of the enactment of this Act containing the findings and conclusions of the Corporation with respect to the study required under paragraph (1) together with such recommendations for legislative or administrative action as the Board of Directors of the Corporation may determine to be appropriate.

(d) STUDY OF RESERVE METHODOLOGY AND ACCOUNTING FOR LOSS.—

(1) STUDY REQUIRED.—The Federal Deposit Insurance Corporation shall conduct a study of the reserve methodology and loss accounting used by the Corporation during the period beginning on January 1, 1992, and ending December 31, 2004, with respect to insured depository institutions in a troubled condition (as defined in the regulations prescribed pursuant to section 32(f) of the Federal Deposit Insurance Act). The Corporation shall obtain comments on the design of the study from the Comptroller General.

(2) FACTORS TO BE INCLUDED.—In conducting the study pursuant to paragraph (1), the Federal Deposit Insurance Corporation shall—

(A) consider the overall effectiveness and accuracy of the methodology used by the Corporation for establishing and maintaining reserves and estimating and accounting for losses at insured depository institutions, during the period described in such paragraph;

(B) consider the appropriateness and reliability of information and criteria used by the Corporation in determining—

(i) whether an insured depository institution was in a troubled condition; and

(ii) the amount of any loss anticipated at such institution;

(C) analyze the actual historical loss experience over the period described in paragraph (1) and the causes of the exceptionally high rate of losses experienced by the Corporation in the final 3 years of that period; and

(D) rate the efforts of the Corporation to reduce losses in such 3-year period to minimally acceptable levels and to historical levels.

(3) REPORT REQUIRED.—The Board of Directors of the Federal Deposit Insurance Corporation shall submit a report to the Congress before the end of the 6-month period beginning on the date of the enactment of this Act, containing the findings and conclusions of the Corporation with respect to the study required under paragraph (1), together with such recommendations for legislative or administrative action as the Board of Directors may determine to be appropriate. Before submitting the report to Congress, the Board of Directors shall provide a draft of the report to the Comptroller General for comment.

SEC. 11. BI-ANNUAL FDIC SURVEY AND REPORT ON INCREASING THE DEPOSIT BASE BY ENCOURAGING USE OF DEPOSITORY INSTITUTIONS BY THE UNBANKED.

The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following new section:

''SEC. 49. BI-ANNUAL FDIC SURVEY AND REPORT ON ENCOURAGING USE OF DEPOSITORY INSTITUTIONS BY THE UNBANKED.

''(a) SURVEY REQUIRED.—

''(1) IN GENERAL.—The Corporation shall conduct a bi-annual survey on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check cashing account at an insured depository institution (hereafter in this section referred to as the 'unbanked') into the conventional finance system.

''(2) FACTORS AND QUESTIONS TO CONSIDER.—In conducting the survey, the Corporation shall take the following factors and questions into account:

''(A) To what extent do insured depository institutions promote financial education and financial literacy outreach?

''(B) Which financial education efforts appear to be the most effective in bringing 'unbanked' individuals and families into the conventional finance system?

''(C) What efforts are insured institutions making at converting 'unbanked' money order, wire transfer, and international remittance customers into conventional account holders?

''(D) What cultural, language and identification issues as well as transaction costs appear to most prevent 'unbanked' individuals from establishing conventional accounts?

''(E) What is a fair estimate of the size and worth of the 'unbanked' market in the United States?

''(b) REPORTS.—The Chairperson of the Board of Directors shall submit a bi-annual report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate containing the Corporation's findings and conclusions with respect to the survey conducted pursuant to subsection (a), together with such recommendations for legislative or administrative action as the Chairperson may determine to be appropriate.''.

SEC. 12. TECHNICAL AND CONFORMING AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT RELATING TO THE MERGER OF THE BIF AND SAIF.

(a) IN GENERAL.—The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended—

(1) in section 3 (12 U.S.C. 1813)—

(A) by striking subparagraph (B) of subsection (a)(1) and inserting the following new subparagraph:

''(B) includes any former savings association.''; and

(B) by striking paragraph (1) of subsection (y) (as so designated by section 5(b) of this Act) and inserting the following new paragraph:

''(1) DEPOSIT INSURANCE FUND.—The term 'Deposit Insurance Fund' means the Deposit Insurance Fund established under section 11(a)(4).'';

(2) in section 5(b)(5) (12 U.S.C. 1815(b)(5)), by striking ''the Bank Insurance Fund or the Savings Association Insurance Fund,'' and inserting ''the Deposit Insurance Fund,'';

(3) in section 5(c)(4), by striking ''deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(4) in section 5(d) (12 U.S.C. 1815(d)), by striking paragraphs (2) and (3) (and any funds resulting from the application of such paragraph (2) prior to its repeal shall be deposited into the general fund of the Deposit Insurance Fund);

(5) in section 5(d)(1) (12 U.S.C. 1815(d)(1))—

(A) in subparagraph (A), by striking ''reserve ratios in the Bank Insurance Fund and the Savings Association Insurance Fund as required by section 7'' and inserting ''the reserve ratio of the Deposit Insurance Fund'';

(B) by striking subparagraph (B) and inserting the following:

''(2) FEE CREDITED TO THE DEPOSIT INSURANCE FUND.—The fee paid by the depository institution under paragraph (1) shall be credited to the Deposit Insurance Fund.'';

(C) by striking ''(1) UNINSURED INSTITUTIONS.—''; and

(D) by redesignating subparagraphs (A) and (C) as paragraphs (1) and (3), respectively, and moving the left margins 2 ems to the left;

(6) in section 5(e) (12 U.S.C. 1815(e))—

(A) in paragraph (5)(A), by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(B) by striking paragraph (6); and

(C) by redesignating paragraphs (7), (8), and (9) as paragraphs (6), (7), and (8), respectively;

(7) in section 6(5) (12 U.S.C. 1816(5)), by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(8) in section 7(b) (12 U.S.C. 1817(b))—

(A) in paragraph (1)(C), by striking ''deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) in paragraph (1)(D), by striking ''each deposit insurance fund'' and inserting ''the Deposit Insurance Fund''; and

(C) in paragraph (5) (as so redesignated by section 4(e)(4) of this Act)—

(i) by striking ''any such assessment'' and inserting ''any such assessment is necessary'';

(ii) by striking subparagraph (B);

(iii) in subparagraph (A)—

(I) by striking ''(A) is necessary—'';

(II) by striking ''Bank Insurance Fund members'' and inserting ''insured depository institutions''; and

(III) by redesignating clauses (i), (ii), and (iii) as subparagraphs (A), (B), and (C), respectively, and moving the margins 2 ems to the left; and

(iv) in subparagraph (C) (as so redesignated)—

(I) by inserting ''that'' before ''the Corporation''; and

(II) by striking ''; and'' and inserting a period;

(9) in section 7(j)(7)(F) (12 U.S.C. 1817(j)(7)(F)), by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(10) in section 8(t)(2)(C) (12 U.S.C. 1818(t)(2)(C)), by striking ''deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(11) in section 11 (12 U.S.C. 1821)—

(A) by striking ''deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) by striking paragraph (4) of subsection (a) and inserting the following new paragraph:

''(4) DEPOSIT INSURANCE FUND.—

''(A) ESTABLISHMENT.—There is established the Deposit Insurance Fund, which the Corporation shall—

''(i) maintain and administer;

''(ii) use to carry out its insurance purposes, in the manner provided by this subsection; and

''(iii) invest in accordance with section 13(a).

''(B) USES.—The Deposit Insurance Fund shall be available to the Corporation for use with respect to insured depository institutions the deposits of which are insured by the Deposit Insurance Fund.

''(C) LIMITATION ON USE.—Notwithstanding any provision of law other than section 13(c)(4)(G), the Deposit Insurance Fund shall not be used in any manner to benefit any shareholder or affiliate (other than an insured depository institution that receives assistance in accordance with the provisions of this Act) of—

''(i) any insured depository institution for which the Corporation has been appointed conservator or receiver, in connection with any type of resolution by the Corporation;

''(ii) any other insured depository institution in default or in danger of default, in connection with any type of resolution by the Corporation; or

''(iii) any insured depository institution, in connection with the provision of assistance under this section or section 13 with respect to such institution, except that this clause shall not prohibit any assistance to any insured depository institution that is not in default, or that is not in danger of default, that is acquiring (as defined in section 13(f)(8)(B)) another insured depository institution.

''(D) DEPOSITS.—All amounts assessed against insured depository institutions by the Corporation shall be deposited into the Deposit Insurance Fund.'';

(C) by striking paragraphs (5), (6), and (7) of subsection (a); and

(D) by redesignating paragraph (8) of subsection (a) as paragraph (5);

(12) in section 11(f)(1) (12 U.S.C. 1821(f)(1)), by striking '', except that—'' and all that follows through the end of the paragraph and inserting a period;

(13) in section 11(i)(3) (12 U.S.C. 1821(i)(3))—

(A) by striking subparagraph (B);

(B) by redesignating subparagraph (C) as subparagraph (B); and

(C) in subparagraph (B) (as so redesignated), by striking ''subparagraphs (A) and (B)'' and inserting ''subparagraph (A)'';

(14) in section 11(p)(2)(B) (12 U.S.C. 1821(p)(2)(B)), by striking ''institution, any'' and inserting ''institution, the'';

(15) in section 11A(a) (12 U.S.C. 1821a(a))—

(A) in paragraph (2), by striking ''LIABILITIES.—'' and all that follows through ''Except'' and inserting ''LIABILITIES.—Except'';

(B) by striking paragraph (2)(B); and

(C) in paragraph (3), by striking ''the Bank Insurance Fund, the Savings Association Insurance Fund,'' and inserting ''the Deposit Insurance Fund'';

(16) in section 11A(b) (12 U.S.C. 1821a(b)), by striking paragraph (4);

(17) in section 11A(f) (12 U.S.C. 1821a(f)), by striking ''Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(18) in section 12(f)(4)(E)(iv) (12 U.S.C. 1822(f)(4)(E)(iv)), by striking ''Federal deposit insurance funds'' and inserting ''the Deposit Insurance Fund (or any predecessor deposit insurance fund)'';

(19) in section 13 (12 U.S.C. 1823)—

(A) by striking ''deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) in subsection (a)(1), by striking ''Bank Insurance Fund, the Savings Association Insurance Fund,'' and inserting ''Deposit Insurance Fund'';

(C) in subsection (c)(4)(E)—

(i) in the subparagraph heading, by striking ''funds'' and inserting ''fund''; and

(ii) in clause (i), by striking ''any insurance fund'' and inserting ''the Deposit Insurance Fund'';

(D) in subsection (c)(4)(G)(ii)—

(i) by striking ''appropriate insurance fund'' and inserting ''Deposit Insurance Fund'';

(ii) by striking ''the members of the insurance fund (of which such institution is a member)'' and inserting ''insured depository institutions'';

(iii) by striking ''each member's'' and inserting ''each insured depository institution's''; and

(iv) by striking ''the member's'' each place that term appears and inserting ''the institution's'';

(E) in subsection (c), by striking paragraph (11);

(F) in subsection (h), by striking ''Bank Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(G) in subsection (k)(4)(B)(i), by striking ''Savings Association Insurance Fund member'' and inserting ''savings association''; and

(H) in subsection (k)(5)(A), by striking ''Savings Association Insurance Fund members'' and inserting ''savings associations'';

(20) in section 14(a) (12 U.S.C. 1824(a)), in the 5th sentence—

(A) by striking ''Bank Insurance Fund or the Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund''; and

(B) by striking ''each such fund'' and inserting ''the Deposit Insurance Fund'';

(21) in section 14(b) (12 U.S.C. 1824(b)), by striking ''Bank Insurance Fund or Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(22) in section 14(c) (12 U.S.C. 1824(c)), by striking paragraph (3);

(23) in section 14(d) (12 U.S.C. 1824(d))—

(A) by striking ''Bank Insurance Fund member'' each place that term appears and inserting ''insured depository institution'';

(B) by striking ''Bank Insurance Fund members'' each place that term appears and inserting ''insured depository institutions'';

(C) by striking ''Bank Insurance Fund'' each place that term appears (other than in connection with a reference to a term amended by subparagraph (A) or (B) of this paragraph) and inserting ''Deposit Insurance Fund'';

(D) by striking the subsection heading and inserting the following:

''(d) BORROWING FOR THE DEPOSIT INSURANCE FUND FROM INSURED DEPOSITORY INSTITUTIONS.—'';

(E) in paragraph (3), in the paragraph heading, by striking ''BIF'' and inserting ''THE DEPOSIT INSURANCE FUND''; and

(F) in paragraph (5), in the paragraph heading, by striking ''BIF MEMBERS'' and inserting ''INSURED DEPOSITORY INSTITUTIONS'';

(24) in section 14 (12 U.S.C. 1824), by adding at the end the following new subsection:

''(e) BORROWING FOR THE DEPOSIT INSURANCE FUND FROM FEDERAL HOME LOAN BANKS.—

''(1) IN GENERAL.—The Corporation may borrow from the Federal home loan banks, with the concurrence of the Federal Housing Finance Board, such funds as the Corporation considers necessary for the use of the Deposit Insurance Fund.

''(2) TERMS AND CONDITIONS.—Any loan from any Federal home loan bank under paragraph (1) to the Deposit Insurance Fund shall—

''(A) bear a rate of interest of not less than the current marginal cost of funds to that bank, taking into account the maturities involved;

''(B) be adequately secured, as determined by the Federal Housing Finance Board;

''(C) be a direct liability of the Deposit Insurance Fund; and

''(D) be subject to the limitations of section 15(c).'';

(25) in section 15(c)(5) (12 U.S.C. 1825(c)(5))—

(A) by striking ''the Bank Insurance Fund or Savings Association Insurance Fund, respectively'' each place that term appears and inserting ''the Deposit Insurance Fund''; and

(B) in subparagraph (B), by striking ''the Bank Insurance Fund or the Savings Association Insurance Fund, respectively'' and inserting ''the Deposit Insurance Fund'';

(26) in section 17(a) (12 U.S.C. 1827(a))—

(A) in the subsection heading, by striking ''BIF, SAIF,'' and inserting ''THE DEPOSIT INSURANCE FUND''; and

(B) in paragraph (1)—

(i) by striking ''the Bank Insurance Fund, the Savings Association Insurance Fund,'' each place that term appears and inserting ''the Deposit Insurance Fund''; and

(ii) in subparagraph (D), by striking ''each insurance fund'' and inserting ''the Deposit Insurance Fund'';

(27) in section 17(d) (12 U.S.C. 1827(d)), by striking '', the Bank Insurance Fund, the Savings Association Insurance Fund,'' each place that term appears and inserting ''the Deposit Insurance Fund'';

(28) in section 18(m)(3) (12 U.S.C. 1828(m)(3))—

(A) by striking ''Savings Association Insurance Fund'' in the 1st sentence of subparagraph (A) and inserting ''Deposit Insurance Fund'';

(B) by striking ''Savings Association Insurance Fund member'' in the last sentence of subparagraph (A) and inserting ''savings association''; and

(C) by striking ''Savings Association Insurance Fund or the Bank Insurance Fund'' in

subparagraph (C) and inserting ''Deposit Insurance Fund'';

(29) in section 18(o) (12 U.S.C. 1828(o)), by striking ''deposit insurance funds'' and ''deposit insurance fund'' each place those terms appear and inserting ''Deposit Insurance Fund'';

(30) in section 18(p) (12 U.S.C. 1828(p)), by striking ''deposit insurance funds'' and inserting ''Deposit Insurance Fund'';

(31) in section 24 (12 U.S.C. 1831a)—

(A) in subsections (a)(1) and (d)(1)(A), by striking ''appropriate deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(B) in subsection (e)(2)(A), by striking ''risk to'' and all that follows through the period and inserting ''risk to the Deposit Insurance Fund.''; and

(C) in subsections (e)(2)(B)(ii) and (f)(6)(B), by striking ''the insurance fund of which such bank is a member'' each place that term appears and inserting ''the Deposit Insurance Fund'';

(32) in section 28 (12 U.S.C. 1831e), by striking ''affected deposit insurance fund'' each place that term appears and inserting ''Deposit Insurance Fund'';

(33) by striking section 31 (12 U.S.C. 1831h);

(34) in section 36(i)(3) (12 U.S.C. 1831m(i)(3)), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(35) in section 37(a)(1)(C) (12 U.S.C. 1831n(a)(1)(C)), by striking ''insurance funds'' and inserting ''Deposit Insurance Fund'';

(36) in section 38 (12 U.S.C. 1831o), by striking ''the deposit insurance fund'' each place that term appears and inserting ''the Deposit Insurance Fund'';

(37) in section 38(a) (12 U.S.C. 1831o(a)), in the subsection heading, by striking ''FUNDS'' and inserting ''FUND'';

(38) in section 38(k) (12 U.S.C. 1831o(k))—

(A) in paragraph (1), by striking ''a deposit insurance fund'' and inserting ''the Deposit Insurance Fund'';

(B) in paragraph (2), by striking ''A deposit insurance fund'' and inserting ''The Deposit Insurance Fund''; and

(C) in paragraphs (2)(A) and (3)(B), by striking ''the deposit insurance fund's outlays'' each place that term appears and inserting ''the outlays of the Deposit Insurance Fund''; and

(39) in section 38(o) (12 U.S.C. 1831o(o))—

(A) by striking ''ASSOCIATIONS.—'' and all that follows through ''Subsections (e)(2)'' and inserting ''ASSOCIATIONS.—Subsections (e)(2)'';

(B) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively, and moving the margins 2 ems to the left; and

(C) in paragraph (1) (as so redesignated), by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively, and moving the margins 2 ems to the left.

(b) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

SEC. 13. OTHER TECHNICAL AND CONFORMING AMENDMENTS RELATING TO THE MERGER OF THE BIF AND SAIF.

(a) SECTION 5136 OF THE REVISED STATUTES.—The paragraph designated the ''Eleventh'' of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended in the 5th sentence, by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund''.

(b) INVESTMENTS PROMOTING PUBLIC WELFARE; LIMITATIONS ON AGGREGATE INVESTMENTS.—The 23d undesignated paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 338a) is amended in the 4th sentence, by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund''.

(c) ADVANCES TO CRITICALLY UNDERCAPITALIZED DEPOSITORY INSTITUTIONS.—Section 10B(b)(3)(A)(ii) of the Federal Reserve Act (12 U.S.C. 347b(b)(3)(A)(ii)) is amended by striking ''any deposit insurance fund in'' and inserting ''the Deposit Insurance Fund of''.

(d) AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 255(g)(1)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(A)) is amended—

(1) by striking ''Bank Insurance Fund'' and inserting ''Deposit Insurance Fund''; and

(2) by striking ''Federal Deposit Insurance Corporation, Savings Association Insurance Fund (51–4066–0–3–373);''.

(e) AMENDMENTS TO THE FEDERAL HOME LOAN BANK ACT.—The Federal Home Loan Bank Act (12 U.S.C. 1421 et seq.) is amended—

(1) in section 11(k) (12 U.S.C. 1431(k))—

(A) in the subsection heading, by striking ''SAIF'' and inserting ''THE DEPOSIT INSURANCE FUND''; and

(B) by striking ''Savings Association Insurance Fund'' each place such term appears and inserting ''Deposit Insurance Fund'';

(2) in section 21 (12 U.S.C. 1441)—

(A) in subsection (f)(2), by striking '', except that'' and all that follows through the end of the paragraph and inserting a period; and

(B) in subsection (k), by striking paragraph (4);

(3) in section 21A(b)(4)(B) (12 U.S.C. 1441a(b)(4)(B)), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(4) in section 21A(b)(6)(B) (12 U.S.C. 1441a(b)(6)(B))—

(A) in the subparagraph heading, by striking ''SAIF-INSURED BANKS'' and inserting ''CHARTER CONVERSIONS''; and

(B) by striking ''Savings Association Insurance Fund member'' and inserting ''savings association'';

(5) in section 21A(b)(10)(A)(iv)(II) (12 U.S.C. 1441a(b)(10)(A)(iv)(II)), by striking ''Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(6) in section 21A(n)(6)(E)(iv) (12 U.S.C. 1441(n)(6)(E)(iv)), by striking ''Federal deposit insurance funds'' and inserting ''the Deposit Insurance Fund'';

(7) in section 21B(e) (12 U.S.C. 1441b(e))—

(A) in paragraph (5), by inserting ''as of the date of funding'' after ''Savings Association Insurance Fund members'' each place that term appears; and

(B) by striking paragraphs (7) and (8); and

(8) in section 21B(k) (12 U.S.C. 1441b(k))—

(A) by inserting before the colon '', the following definitions shall apply'';

(B) by striking paragraph (8); and

(C) by redesignating paragraphs (9) and (10) as paragraphs (8) and (9), respectively.

(f) AMENDMENTS TO THE HOME OWNERS' LOAN ACT.—The Home Owners' Loan Act (12 U.S.C. 1461 et seq.) is amended—

(1) in section 5 (12 U.S.C. 1464)—

(A) in subsection (c)(5)(A), by striking ''that is a member of the Bank Insurance Fund'';

(B) in subsection (c)(6), by striking ''As used in this subsection—'' and inserting ''For purposes of this subsection, the following definitions shall apply:'';

(C) in subsection (o)(1), by striking ''that is a Bank Insurance Fund member'';

(D) in subsection (o)(2)(A), by striking ''a Bank Insurance Fund member until such time as it changes its status to a Savings Association Insurance Fund member'' and inserting ''insured by the Deposit Insurance Fund'';

(E) in subsection (t)(5)(D)(iii)(II), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund'';

(F) in subsection (t)(7)(C)(i)(I), by striking ''affected deposit insurance fund'' and inserting ''Deposit Insurance Fund''; and

(G) in subsection (v)(2)(A)(i), by striking ''the Savings Association Insurance Fund'' and inserting ''or the Deposit Insurance Fund''; and

(2) in section 10 (12 U.S.C. 1467a)—

(A) in subsection (c)(6)(D), by striking ''this title'' and inserting ''this Act'';

(B) in subsection (e)(1)(B), by striking ''Savings Association Insurance Fund or Bank Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(C) in subsection (e)(2), by striking ''Savings Association Insurance Fund or the Bank Insurance Fund'' and inserting ''Deposit Insurance Fund'';

(D) in subsection (e)(4)(B), by striking ''subsection (1)'' and inserting ''subsection (l)'';

(E) in subsection (g)(3)(A), by striking ''(5) of this section'' and inserting ''(5) of this subsection'';

(F) in subsection (i), by redesignating paragraph (5) as paragraph (4);

(G) in subsection (m)(3), by striking subparagraph (E) and by redesignating subparagraphs (F), (G), and (H) as subparagraphs (E), (F), and (G), respectively;

(H) in subsection (m)(7)(A), by striking ''during period'' and inserting ''during the period'';

and

(I) in subsection (o)(3)(D), by striking ''sections 5(s) and (t) of this Act'' and inserting ''subsections (s) and (t) of section 5''.

(g) AMENDMENTS TO THE NATIONAL HOUSING ACT.—The National Housing Act (12 U.S.C. 1701 et seq.) is amended—

(1) in section 317(b)(1)(B) (12 U.S.C. 1723i(b)(1)(B)), by striking ''Bank Insurance Fund for banks or through the Savings Association Insurance Fund for savings associations'' and inserting ''Deposit Insurance Fund''; and

(2) in section 536(b)(1)(B)(ii) (12 U.S.C. 1735f–14(b)(1)(B)(ii)), by striking ''Bank Insurance Fund for banks and through the Savings Association Insurance Fund for savings associations'' and inserting ''Deposit Insurance Fund''.

(h) AMENDMENTS TO THE FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989.—The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note) is amended—

(1) in section 951(b)(3)(B) (12 U.S.C. 1833a(b)(3)(B)), by inserting ''and after the merger of such funds, the Deposit Insurance Fund,'' after ''the Savings Association Insurance Fund,''; and

(2) in section 1112(c)(1)(B) (12 U.S.C. 3341(c)(1)(B)), by striking ''Bank Insurance Fund, the Savings Association Insurance Fund,'' and inserting ''Deposit Insurance Fund''.

(i) AMENDMENT TO THE BANK HOLDING COMPANY ACT OF 1956.—The Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.) is amended—

(1) in section 2(j)(2) (12 U.S.C. 1841(j)(2)), by striking ''Savings Association Insurance Fund'' and inserting ''Deposit Insurance Fund''; and

(2) in section 3(d)(1)(D)(iii) (12 U.S.C. 1842(d)(1)(D)(iii)), by striking ''appropriate deposit insurance fund'' and inserting ''Deposit Insurance Fund''.

(j) AMENDMENTS TO THE GRAMM-LEACH-BLILEY ACT.—Section 114 of the Gramm-Leach-Bliley Act (12 U.S.C. 1828a) is amended by striking ''any Federal deposit insurance fund'' in subsection (a)(1)(B), paragraphs (2)(B) and (4)(B) of subsection (b), and subsection (c)(1)(B), each place that term appears and inserting ''the Deposit Insurance Fund''.

(k) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

AMENDMENT OFFERED BY MRS. MALONEY

Mrs. MALONEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. MALONEY:

Page 4, line 8, strike ''For purposes'' and insert ''Except as provided in subparagraph (G), for purposes''.

Page 4, line 15, insert ''with respect to any qualified insured depository institution'' before the comma at the end.

Page 7, line 2, strike the closing quotation marks and the 2nd period.

Page 7, after line 2, insert the following new subparagraph:

''(G) CONDITIONS FOR INCREASED DEPOSIT INSURANCE COVERAGE.—

''(i) IN GENERAL.—For purposes of subparagraph (E)(ii), an insured depository institution shall be treated as a qualified insured depository institution only if—

''(I) in the process of posting credits and debits against a checking account used primarily for personal, family, or household purposes after the close of any business day, the depository institution credits all deposits to the account before debiting any check drawn on the account and presented to the depository institution for payment; and

''(II) the depository institution imposes no fee for paying any check drawn on an account in spite of a lack of sufficient funds in the account to pay such check or any similar activity (commonly referred to as 'bounce protection') unless the accountholder has affirmatively requested such service.

''(ii) NONQUALIFIED INSURED DEPOSITORY INSTITUTIONS.—The standard maximum insurance amount applicable to any insured depository institution that is not a qualified insured depository institution shall be the amount described in subparagraph (E)(i) without regard to the effective date referred to in such subparagraph or any adjustment under subparagraph (F).''.

Mrs. MALONEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. MALONEY. Mr. Chairman, first of all, I would like to thank the gentleman from Massachusetts (Mr. FRANK) our ranking member, and the gentleman from Ohio (Mr. OXLEY), our chairman, for working in a bipartisan way for truly the grand goal of safety and soundness in our financial systems and keeping them competitive in the world financial market.

My amendment is one that I am going to offer and withdraw, because the chairman has generously offered to work with me in committee under a separate introduced bill to pass the intent of this. And what my amendment would do is that it would prevent banks from charging customers bounced check fees when the money is already there in the bank, and when it is simply a matter of which journal entry the bank makes first.

We did have a hearing on this earlier in the Committee on Financial Services. And some of the banks' representatives testified that many banks do this already. So this amendment would simply require all banks to do so consistently and prevent abuses.

In other words, if money is there, but it has been deposited, then you cannot withdraw that money, the deposited money should be credited before the money is withdrawn from the bank.

My amendment would also prevent banks from charging customers for overdraft protection when the customer has not requested this service. Again, this is simple and fair and straightforward. And sometimes, in some cases in some banks, the overdraft protection costs more than the overdraft penalty.

So it would really prevent hidden charges and fees for services customers have not even asked for, in this case, financial institutions. So I have been assured that by the parliamentarian that my amendment would be immune from a point of order. The Committee on Rules accepted it.

But I will be withdrawing it with the consideration of the chairman to fully discuss this in committee, and I yield to the gentleman from Ohio (Mr. OXLEY) our chairman, and I thank you for working in a bipartisan way on this and so many other issues.

Mr. OXLEY. Mr. Chairman, will the gentlewoman yield?

Mrs. MALONEY. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, I thank the gentlewoman for yielding, and I appreciate her cooperation in this area. I think all of us recognize some of the potential issues that are inherent in passage of Check 21.

It is also important to notice that about 1 percent of the checks today are being truncated, so we are early into the process here. It is also important to note that under the provision of Check 21, the Fed is empowered should they see an imbalance between the deposits and withdrawals to not only draw attention to it, but to deal with it.

The study, of course, will not be completed for about 2 years. And as a result I think it is important for the committee, as we have discussed before and I discussed with the ranking member, to have the committee continue to monitor the situation, and we would do so, and to that end, I would indicate to my friend, the gentlewoman from New York (Mrs. MALONEY) that we would plan to hold an oversight hearing on that specific issue. I will be glad to work with the gentlewoman from New York (Mrs. MALONEY) as far as the potential witnesses are concerned.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentlewoman yield?

Mrs. MALONEY. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I thank the gentlewoman from New York (Mrs. MALONEY). She has been very much in the forefront overseeing this issue. Along with her, I and others have written some letters to the Federal Reserve. We have been staying very much on top of this.

The gentlewoman has been performing a real service, and I appreciate the cooperation of the chairman. I look forward to our being able to work together to make sure that consumers are protected.

Mrs. MALONEY. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. ROHRABACHER

Mr. ROHRABACHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROHRABACHER:

Strike section 3 of the bill (and redesignate the subsequent sections and any cross reference to any such section and conform the table of contents accordingly).

Mr. ROHRABACHER. Mr. Chairman, let me reiterate that I do this with great respect to the gentleman from Alabama (Mr. BACHUS) and the gentleman from Ohio (Mr. OXLEY) and the gentleman from Massachusetts (Mr. FRANK) who put a great deal of time and effort into this bill and this legislation.

I have a fundamental philosophical disagreement about Federal Deposit Insurance. But I have no doubt that they have worked hard to try to produce some good legislation here.

With that said, I offer this amendment on behalf of myself and the gentlewoman from New York (Mrs. MALONEY). The Rohrabacher-Maloney amendment would strike out section 3, keeping the Federal Deposit Insurance at its current level of $100,000 per account.

Let me note the argument was made earlier that simply by raising insurance, for example, from $100,000 to $130,000, would that, we were asked, make people more irresponsible if it was car insurance, and you just increased the car insurance from $100,000 to $130,000? The answer is, yes, if someone else was paying for the car insurance.

If somebody gave whatever it is, if the Federal Government ends up coming in and saying, if all else fails, do not worry, you are going to get paid off, because we are going to pay it, the taxpayers will pay it in the end, if this whole system fails we are there. Yeah, people who ended up not having to take that responsibility off their shoulders, the institutions might be a little less responsible, and, of course, the individuals themselves might be less responsible in picking out where to put their money.

This bill also increases to $260,000 retirement accounts, the deposit insurance for that, and $2 million per account for municipalities. Well, this, as I say right in the beginning, the FDIC was supposed to be for the little guy. And, again, there has been the argument that the gentleman from Massachusetts (Mr. FRANK) gave, well, $100,000 or $130,000 these days is the little guy. Well, that is if you are counting one account. Everybody involved in this knows that we are taking about multiple accounts.

Now we are talking about multiple accounts of $130,000 per account, and, yeah, someone who has 10 accounts at $130,000 is someone who I would catalog as rich. But, I just say this much, yes, if someone has $1.3 million in various accounts that are going to be ultimately guaranteed by the Federal Government, and the question is, where

does this money come from? Does it come from, yes, the banks and the savings and loans?

Well, it comes, yes, from the banks and savings and loans. But, what is important is, the ultimate guarantor is the Federal Government, otherwise we would not be talking about that.

But, when we put the taxpayers on the ultimate hook, will it ever happen? Well, it has happened, and I have seen it happen, and you have seen it happen. And this bill may or may not make that less likely. In fact, when you combine the deposit insurances, and put them together, yes it might add some strength to the system, but it also means that if the system collapses, it collapses big time, big time collapse; not just medium time collapse, but a big time collapse.

So could it happen? Yes, it could happen. I think that things like this happen, like the savings and loan debacle, because fundamental principles are ignored. And the fundamental principles are people should be responsible for their own money, and that institutions should be responsible.

If they commit acts or they are charging too much or their expenses are too high, or they are not competent enough, people should not be placing their money in that institution simply because there is a guarantee, there is a deposit guarantee, which is what we have now.

By ignoring these fundamental principles, you have less responsibility on the part of the depositor and less responsibility on the part of the financial institution. So here we are, faced with a major jump in the deposit insurance. What are we going to do?

I think it is about time to reexamine the fundamental issue of whether or not we should be guaranteeing this deposit insurance in the first place. And I will say, as I have said before, I watched this happen during the Reagan administration. In 1980, they dramatically increased the deposit insurance, and do not tell me that there have not been people, well known economists suggesting that that was a major cause of the savings and loan debacle, they are.

Because, even today Alan Greenspan, Milton Friedman and others oppose this increase in the deposit insurance for that very reason, because they have seen that this makes the system more vulnerable, and we should not be doing that.

With that, I would suggest that I would hope that people could vote for my amendment to strike section 3 out, which would then increase that.

□ 1515

Mr. FRANK of Massachusetts. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the gentleman from California (Mr. ROHRABACHER) simply multiplies his mathematical difficulty. He said, well, when I said if you have $100,000 under his calculations, you are a little guy but if you have 130,000 you are rich. He says, but what if you have 10 times $130,000? The answer is, well, what if you have 10 times 100,000? Thirty percent is still 30 percent.

So the fact is that he is ascribing to a 30 percent increase a qualitative impact that simply will not stand up to analysis. He says, well, you can have 10 accounts and you would have 1.3 million. Yes, and you could have 10 accounts and have 1 million.

So the difference is really quite small. I must say even when the gentleman from Alabama (Mr. BACHUS), with whom I agree here, talked about this will save people, $30,000 is not going to make a big difference one way or the other. I believe it is a step in the right direction.

First of all, understand that much of the argument for this comes from smaller institutions who fear the negative competitive effect of the doctrine of ''too big to fail.'' By the way, the large institutions are on the whole not for this. The large institutions feel that if people are worried about a bank failure affecting their accounts, if they have more than the insured amount they will put it in the largest possible institution to the detriment of smaller institutions. I do not think it is a good thing for there to be that kind of competitive pressure exercised against smaller banks. That is why they are very strong advocates of this.

Mr. OXLEY. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, it occurred to me as I was listening to my friend from California, we could go back to the old days of giving out toasters for deposits. I would say that the system we have now, I have not heard of toaster promotion for a long time, mercifully, but it certainly seems to me that the consumer, saver, investor is a lot more sophisticated than they ever were and they will not be lured by toaster opportunities as opposed to depositing it into an institution where they feel comfortable that their deposit is indeed insured.

Mr. FRANK of Massachusetts. I thank the gentleman.

The other thing I want to do is to disagree very strongly with the gentleman from California (Mr. ROHRABACHER) on the causality of the savings and loan crisis.

I do not believe, having served here at the time, and I have seen very few analyses that said the deposit insurance issue was effective, it increased the cost but it was not the cause of the failure. And those are really two quite distinct things.

The causes of the failure I believe were two. First of all, we imprudently loosened substantially what savings and loans, thrift institutions could invest their money in. So they became invested in things that were much less insured. They were not just doing houses; they were doing a lot of open land, et cetera.

Secondly, this Congress in 1981 passed tax legislation that greatly inflated the value of real estate and then in 1986 undid it. If you wanted a dictionary example of going from one extreme to another, it was the treatment of real property and real estate in the 1981, 1986 tax act. So we kind of baited and switched people.

In the 1981 act we gave, I say ''we'' because I voted against the 1981 act. I vote for the 1986 act, but Congress gave people incentive to invest in real estate. And because of the tax advantages, it made sense to buy an empty building and not have anybody in there in some cases literally because of the tax advantages. But in 1986 we rationalized the Tax Code, but we did it too rapidly and there were people caught in the middle. I believe those were the two major causes.

I agree that increasing deposit insurance raised the cost of it, but I do not think it is causal. Just to go back, I think, frankly, it is the least sophisticated saver who we protect by raising this rate.

The gentleman said correctly, you can open 10 accounts, 12 accounts, 13 accounts; but more sophisticated people unfortunately, the deposit insurance limit is not very effective against them; but there are people of less sophistication, less ability to be mobile, and they are the ones who do it. I do not think if your life savings is $130,000 you are rich. And I think trying to protect the least sophisticated people that way and to preserve against unfair competitive pressures on smaller institutions justifies the bill.

Mr. ROHRABACHER. Mr. Chairman, will the gentleman yield?

Mr. FRANK of Massachusetts. I yield to the gentleman from California.

Mr. ROHRABACHER. If that is the criteria we are using, why do we not then limit it to one account because the less sophisticated people will not have multiple accounts.

Mr. FRANK of Massachusetts. May I ask the gentleman a question. Did someone keep the gentleman from offering that amendment? Why did the gentleman not offer that amendment? It is the gentleman's amendment. Is the gentleman criticizing me for his amendment?

If the gentleman thinks his amendment should be different, make it different.

Mr. ROHRABACHER. Would the gentleman support that one?

Mr. FRANK of Massachusetts. Well, we will deal with this one; and when the gentleman brings that amendment up, we will deal with that one.

I want to make it very clear. I did not stop the gentleman from offering any amendment he wanted to.

Mr. ROHRABACHER. I thank the gentleman very much.

Mr. BACHUS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, one thing the gentleman from California (Mr. ROHRABACHER) mentioned and I would like

to say in his defense: he has triplets at home, so I think we ought to have a lot of patience for the gentleman. They are very young. One-year-old triplets.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BACHUS. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, I think we would all agree that that would certainly justify at least three accounts. One for each child.

Mr. BACHUS. Second, the gentleman did mention the fact that we do have a provision in here covering municipal deposits or government deposits and that is for $2 million. The reason we did that is not to protect the big guy or the rich guy.

The reason we did that is from time to time a school system or a city or a county or a governmental retirement system will put $2 million or $1.5 million in a bank and it is really not practical for them to go around and put $100,000 in each bank. And that is basically as a result of the American Association of School Boards and others saying not only do we want to deposit more than that, but in several States, particularly the Farm Belt, there is only one hometown institution. And the school board or the government or the city or the fire district wants to deposit their money in their own hometown. And that is to allow that.

Mr. OXLEY. Mr. Chairman, will the gentleman yield?

Mr. BACHUS. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Chairman, the gentleman raises an excellent point. Our good colleague, the gentleman from Ohio (Mr. GILLMOR), this is his contribution to this legislation, because as he shares the district that is next to mine, a number of small communities that have exceeded that amount of $100,000, they are under a fiduciary responsibility to have that money protected by the FDIC. And what it has done, of course, is drive some of that money out of the small communities and into larger communities so you cannot put that money to use in the community.

So I want to associate myself with the gentleman's remarks. I am glad the gentleman brought that issue up because it is a very important part of this legislation.

Mr. BACHUS. Mr. Chairman, I have two counties, one is Bibb County, one is Shelby County. The school board in those counties is forced to take about 96 percent of their money and deposit it out of county because there are only two hometown institutions, and they would like to deposit in those, as long as those are rated A institutions, and again I say that they are paying a premium on their deposits for this coverage.

The second thing I would say is if the gentleman will go back to 1980, what you had is we deregulated the savings and loans. We made tremendous changes in their mission. And at that time they had 30-year mortgages. They had loaned out money at 4 percent, 4.5 percent, 5 percent. From 1979 to 1981, the interest rates increased, the Federal Reserve continued to increase the interest rate because of inflation, which the gentleman from Massachusetts (Mr. FRANK) mentioned, and they drove the interest rate up above 20 percent. The prime rate was 21 percent.

So the savings and loans were having to borrow money at 21 percent and had loaned it out at 4 and 5 percent; and predictably, particularly in Texas where the price of oil fell, the savings and loans in Texas started failing one right after the other. And as I said earlier, if it were this increase from 40 to 100,000, you would have expected to see it show up in the banks; you would expect it to show up throughout the Nation.

I do not think the people in Texas where most of the first failures occurred, Louisiana, I do not think they were engaged in any more fraudulent conduct or reckless behavior except that what they were doing, that was a boom economy in Texas and property values shot up, and there was a bubble and they came back down.

But during all of that, the bank fund did not fail. And as I have said before, before one dollar of taxpayer money comes out of this account, it requires the funds to be exhausted. It, second, requires the banks, their assets to be liquidated, and only at that point would the taxpayer step in. That would be a heck of a depression. And I think that would be a depression made only worse if school boards, governments lost their deposits, if people lost their 401(k)s, if they lost any of their savings above $100,000, businesses who had accounts. And some of those might be rich people, the guy that owns the small business and has $400,000 or $600,000 deposited or a contracting company that has just been paid on a contract.

I think it would make the recession or depression or economic shock that much worse. I believe that this legislation is sound legislation and should be supported.

Mrs. MALONEY. Mr. Chairman, I rise in support of the amendment.

I believe the immediate 30 percent increase in insurance coverage in the bill is a serious mistake. The coverage increase to $130,000 is opposed by most of the Federal financial service regulators.

Proponents of the increased coverage argue that it poses no risk to the insurance system, but the regulators who oppose this increase are the very officials whose job it is to protect the safety and soundness of the financial system. The almost unanimous opposition to increased coverage by the regulators is a very powerful message.

I would like to really quote some of these regulators. Alan Greenspan has come out very strongly opposed to it. He said, ''It is unlikely that increased coverage, even by indexing, would add to the stability of the banking system today.''

The Undersecretary of the Treasury for Domestic Monetary Policy, Peter Fisher, said, ''Increasing the overall coverage limit would weaken market discipline and further increase the level of risk to the FDIC and to taxpayers.''

Mr. Chairman, I would like to put in the RECORD quotes from the Comptroller of the Currency, the Director of the Office of Thrift Supervision, and the Congressional Budget Office, all raising questions and in opposition to this raise.

Another argument put forth by proponents of coverage increases is that inflation has eroded deposit insurance. I do not believe that this argument matches the actual situation of the banking industry. The fact is that only 2 percent of insured accounts have more than $100,000 according to the Federal Reserve.

Mr. Chairman, at the appropriate time I would like to place this study into the RECORD.

The same Federal Reserve study put the average account balance at $6,000 across America. Any way you look at it, the increase in coverage will benefit very few depositors.

Proponents of increasing coverage also contend that because insurance premiums are paid by banks, increasing coverage does not cost taxpayers. While I concede the point, I think we also have to remember that behind the Federal deposit insurance funds is the full faith and credit of the United States Government.

Since I joined the Committee on Financial Services in 1993 at the close of the S&L crisis, I have been committed as all of my colleagues are on both sides of the aisle to protecting the safety and soundness of the banking system.

□ 1530

While I concede and agree with my colleagues that the causes of the S&L failures were many, the fact is that standing behind the insurance system are our constituent taxpayers. The bailout we voted for was constituent taxpayer dollars to bail out the S&L.

No matter what the reasons are for a future bank failure or a string of failures, there could be many reasons for them, by raising the insurance coverage, we increase the potential liability of the government and, thereby, the American taxpayer.

I also believe that raising the coverage may encourage the concept of moral hazard. Institutions will be encouraged to engage in riskier behavior to boost earnings if they know that failure is ensured by the Federal Government.

I would also like to place in the RECORD a letter to Members of Congress from The Financial Services Roundtable, which very strongly supports the underlying bill, which is a

fine piece of work that has passed this body two times previously, but also raises many concerns about raising the limit to $130,000.

The material that I referred to previously I will insert into the RECORD at this point.

THE FINANCIAL SERVICES ROUNDTABLE,
Washington, DC, April 22, 2005.

Hon. BARNEY FRANK,
House of Representatives,
Washington, DC.

DEAR BARNEY: I would like to commend you on your leadership and continued efforts on deposit insurance reform. An effective deposit insurance system is critical to the economy and maintaining public confidence in the U.S. banking system. The Roundtable is committed to working with the Financial Services Committee to develop reasonable, responsible deposit insurance reform legislation that the Roundtable and the industry can support.

The Roundtable supports the passage of H.R. 1185, the ''Federal Deposit Insurance Reform Act of 2005.'' We also support the adoption of the ''Managers Amendment.''

The Financial Services Roundtable, a national association representing 100 of the largest integrated financial services companies that together constitute nearly 70 percent of the deposit insurance assessment base, believe that H.R. 1185 will help assure a sound deposit insurance system. In particular, we believe a major improvement to the bill was a provision that stated no insured depository institution shall be barred from the lowest-risk category solely because of size.

Further, the Roundtable supports: Merging the Bank Insurance Fund (''BIF'') and the Savings Association Insurance Fund (''SAIF''). A combined BIF/SAIF would be stronger and more resilient. The provision in your bill that caps the FDIC's assessment authority at 1 basis point for those institutions in the lowest-risk category. The bill's study of the effectiveness of the prompt corrective action program, and a strong system of credits and rebates such as you have in your legislation.

We remain concerned about provisions in the bill that would increase deposit insurance coverage limits. Our members believe that raising coverage limits could weaken market discipline and increase risk to the FDIC, all insured institutions, and ultimately American taxpayers. Federal Reserve Board Chairman Alan Greenspan has stated there is no evidence that an increase in coverage levels would promote competition or materially improve the ability of financial institutions to obtain funds. As Chairman Greenspan noted, the evidence in recent years shows that financial institutions of all sizes have not experienced difficulty in obtaining funding from insured or uninsured deposits. For those customers with substantial deposits, ample opportunities exist to obtain FDIC coverage equal to several multiples of $100,000. Since the FDIC is in good shape financially, there is no need to grant the FDIC additional authority to levy deposit insurance premiums.

Thank you again for your leadership on deposit insurance reform and your consideration of the Roundtable's views on this important matter. We look forward to working with you as this legislation moves through the legislative process. If you or your staff have any questions or would like to discuss these issues further, please call Irving Daniels or me at (202) 289–4322.

Best regards,

STEVE BARTLETT,
President and CEO.

KEEP DEPOSIT INSURANCE SAFE AND SOUND SUPPORT THE ROHRABACHER-MALONEY AMENDMENT TO H.R. 1185

''It is unlikely that increased coverage, even by indexing, would add measurably to the stability of the banking system today.''—Federal Reserve Board Chairman Alan Greenspan

''Increasing the overall coverage limit could weaken market discipline and further increase the level of risk to the FDIC and taxpayers.''—Undersecretary of Treasury for Domestic Monetary Policy Peter Fisher

''We see no compelling evidence that increased coverage levels would offer depositors substantial benefits.''—Comptroller of the Currency John D. Hawke, Jr.

''Increasing the current insurance coverage level to $130,000 would incur significant costs for insured institutions since premiums would necessarily be increased.

The benefits of an increase are unclear. I have heard from many of our institutions that they see no merit to bumping up the current limit for standard accounts. In their view, projected increases in insured deposits would not lead to a substantive increase in new accounts.''—Director of the Office of Thrift Supervision James E. Gilleran

''CBO estimates H.R. 522 would increase the net cost of resolving failed financial institutions by $2.1 billion over the next ten years.''—Congressional Budget Office Cost Estimate

The Acting CHAIRMAN (Mr. GINGREY). The question is on the amendment offered by the gentleman from California (Mr. ROHRABACHER).

The amendment was rejected.

The Acting CHAIRMAN. Are there any other amendments?

If not, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The Acting CHAIRMAN. Accordingly, under the rule, the Committee will now rise.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. PUTNAM) having assumed the Chair, Mr. GINGREY, Acting Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1185) to reform the Federal deposit insurance system, and for other purposes, pursuant to House Resolution 255, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The Acting CHAIRMAN. Under the rule, the previous question is ordered.

The question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

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

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

The yeas and nays were ordered.

The SPEAKER pro tempore. There will be a 5-minute vote after this vote on the motion to suspend.

The vote was taken by electronic device, and there were—yeas 413, nays 10, not voting 10, as follows:

[Roll No. 157]

YEAS—413

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Bean
Beauprez
Becerra
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burton (IN)
Butterfield
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Carter
Case
Castle
Chabot
Chandler
Chocola
Clay
Cleaver
Clyburn
Coble
Cole (OK)
Conaway
Conyers
Costa
Costello
Cox
Cramer
Crenshaw
Crowley
Cubin
Cuellar
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (KY)
Davis (TN)
Davis, Tom
Deal (GA)
DeGette
Delahunt
DeLauro
DeLay
Dent
Dicks
Dingell
Doggett
Doolittle
Doyle
Dreier
Duncan
Edwards
Ehlers
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Fitzpatrick (PA)
Foley
Forbes
Ford
Fortenberry
Fossella
Foxx
Frank (MA)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gohmert
Gonzalez
Goode
Goodlatte
Gordon
Granger
Graves
Green (WI)
Green, Al
Green, Gene
Grijalva
Gutierrez
Gutknecht
Hall
Harman
Harris
Hart
Hastings (FL)
Hayes
Hayworth
Hefley
Hensarling
Herseth
Higgins
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Holt
Honda
Hooley
Hostettler
Hoyer
Hulshof
Hunter
Hyde
Inglis (SC)
Inslee
Israel
Issa
Istook
Jackson (IL)
Jefferson
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kucinich
Kuhl (NY)
LaHood
Langevin
Lantos
Larsen (WA)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Maloney
Manzullo
Marchant
Markey
Marshall
Matheson
Matsui
McCarthy
McCaul (TX)
McCollum (MN)
McCotter
McCrery
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McKinney
McMorris
McNulty
Meehan
Meek (FL)
Meeks (NY)
Melancon
Menendez
Mica
Michaud
Millender-McDonald

Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Saxton
Schakowsky
Schiff
Schwartz (PA)
Schwarz (MI)
Scott (GA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Sodrel
Solis
Souder
Spratt
Stearns
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—10

Cooper
Davis, Jo Ann
DeFazio
Flake
Paul
Rohrabacher
Royce
Sanders
Stark
Taylor (MS)

NOT VOTING—10

Brown (OH)
Diaz-Balart, L.
Diaz-Balart, M.
Drake
Franks (AZ)
Hastings (WA)
Herger
Jackson-Lee (TX)
Larson (CT)
Scott (VA)

□ 1558

Mrs. JO ANN DAVIS of Virginia and Mr. STARK changed their vote from ''yea'' to ''nay.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. HERGER. Mr. Speaker, on rollcall No. 157 I was unavoidably detained. Had I been present, I would have voted ''yea.''

Mrs. DRAKE. Mr. Speaker, on rollcall No. 157, I regret that I was unable to return quickly enough for this vote. I was at the Pentagon for an awards presentation for an environmental award presented to a Command at Naval Base Norfolk. Had I been present, I would have voted ''yea.''

RECOGNIZING THE 60TH ANNIVERSARY OF VICTORY IN EUROPE (V–E) DAY DURING WORLD WAR II

The SPEAKER pro tempore (Mr. PUTNAM). The unfinished business is the question of suspending the rules and agreeing to the resolution, House Resolution 233, as amended.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. SMITH) that the House suspend the rules and agree to the resolution, House Resolution 233, as amended, on which the yeas and nays are ordered.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 423, nays 0, not voting 10, as follows:

[Roll No. 158]

YEAS—423

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Bean
Beauprez
Becerra
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burton (IN)
Butterfield
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Carter
Case
Castle
Chabot
Chandler
Chocola
Clay
Cleaver
Clyburn
Coble
Cole (OK)
Conaway
Conyers
Cooper
Costa
Costello
Cox
Cramer
Crenshaw
Crowley
Cubin
Cuellar
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (KY)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dent
Dicks
Dingell
Doggett
Doolittle
Doyle
Drake
Dreier
Duncan
Edwards
Ehlers
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Fitzpatrick (PA)
Flake
Foley
Forbes
Ford
Fortenberry
Fossella
Foxx
Frank (MA)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gohmert
Gonzalez
Goode
Goodlatte
Gordon
Granger
Graves
Green (WI)
Green, Al
Green, Gene
Grijalva
Gutierrez
Gutknecht
Hall
Harman
Harris
Hart
Hastings (FL)
Hayes
Hayworth
Hefley
Hensarling
Herger
Herseth
Higgins
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Holt
Honda
Hooley
Hostettler
Hoyer
Hulshof
Hunter
Hyde
Inglis (SC)
Inslee
Israel
Issa
Istook
Jackson (IL)
Jefferson
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kucinich
Kuhl (NY)
LaHood
Langevin
Lantos
Larsen (WA)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Maloney
Manzullo
Marchant
Markey
Marshall
Matheson
Matsui
McCarthy
McCaul (TX)
McCollum (MN)
McCotter
McCrery
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McKinney
McMorris
McNulty
Meehan
Meek (FL)
Meeks (NY)
Melancon
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Saxton
Schakowsky
Schiff
Schwartz (PA)
Schwarz (MI)
Scott (GA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Sodrel
Solis
Souder
Spratt
Stark
Stearns
Strickland
Stupak
Sullivan
Sweeney
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—10

Brown (OH)
Diaz-Balart, L.
Diaz-Balart, M.
Franks (AZ)
Hastings (WA)
Jackson-Lee (TX)
Kaptur
Larson (CT)
Scott (VA)
Tancredo

□ 1609

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.