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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 223, nays 187, answered ''present'' 1, not voting 19, as follows:

[Roll No. 91]

YEAS—223

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Boswell
Boucher
Brady
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Coble
Collins
Combest
Cook
Cooksey
Crane
Crapo
Cubin
Cunningham
Davis (VA)
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Ensign
Everett
Ewing
Foley
Forbes
Fossella
Fowler
Fox
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Granger
Gutknecht
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King (NY)
Kingston
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lipinski
Livingston
LoBiondo
Lucas
Manzullo
Mascara
McCollum
McCrery
McDade
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Moran (KS)
Morella
Murtha
Myrick
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oxley
Packard
Pappas
Parker
Paul
Paxon
Pease
Peterson (PA)
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Redmond
Regula
Riley
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Ryun
Salmon
Sanford
Saxton
Scarborough
Schaefer, Dan
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Linda
Snowbarger
Solomon
Souder
Spence
Stearns
Stump
Sununu
Talent
Tauzin
Taylor (NC)
Thomas
Thornberry
Thune
Tiahrt
Traficant
Upton
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Yates
Young (AK)
Young (FL)

NAYS—187

Abercrombie
Ackerman
Allen
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Boyd
Brown (CA)
Brown (FL)
Brown (OH)
Capps
Cardin
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Fazio
Filner
Ford
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gordon
Green
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hinojosa
Hooley
Hoyer
Jackson (IL)
Jackson-Lee (TX)
John
Johnson (WI)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Manton
Markey
Martinez
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHale
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran (VA)
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Pelosi
Peterson (MN)
Pomeroy
Poshard
Price (NC)
Rahall
Reyes
Rivers
Rodriguez
Roemer
Rogan
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schaffer, Bob
Schumer
Scott
Serrano
Sherman
Sisisky
Skaggs
Skelton
Slaughter
Smith, Adam
Snyder
Spratt
Stabenow
Stark
Stenholm
Stokes
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson
Thurman
Tierney
Torres
Towns
Turner
Velazquez
Vento
Visclosky
Watt (NC)
Waxman
Wexler
Weygand
Wise
Woolsey
Wynn

ANSWERED ''PRESENT''—1

Coburn

NOT VOTING—19

Andrews
Borski
Cannon
Cox
Fawell
Gilchrest
Gonzalez
Goode
Greenwood
Jefferson
Kennedy (MA)
Klug
Linder
Payne
Petri
Rangel
Riggs
Royce
Waters

□ 1222

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1173

Mr. KILDEE. Mr. Speaker, I ask unanimous consent that the name of the gentleman from Tennessee (Mr. HILLEARY) be removed as cosponsor of H.R. 1173.

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

There was no objection.

CREDIT UNION MEMBERSHIP ACCESS ACT

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1151) to amend the Federal Credit Union Act to clarify existing law and ratify the longstanding policy of the National Credit Union Administration Board with regard to field of membership of Federal credit unions, as amended.

The Clerk read as follows:

H.R. 1151

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Credit Union Membership Access Act''.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) The American credit union movement began as a cooperative effort to serve the productive and provident credit needs of individuals of modest means.

(2) Credit unions continue to fulfill this public purpose, and current members and membership groups should not face divestiture from the financial services institution of their choice as a result of recent court action.

(3) To promote thrift and credit extension, a meaningful affinity and bond among members, manifested by a commonality of routine interaction, shared and related work experiences, interests, or activities, or the maintenance of an otherwise well-understood sense of cohesion or identity is essential to the fulfillment of credit unions' public mission.

(4) Credit unions, unlike many other participants in the financial services market, are exempt from Federal and most State taxes because they are member-owned, democratically operated, not-for-profit organizations generally managed by volunteer boards of directors and because they have the specified mission of meeting the credit and savings needs of consumers, especially persons of modest means.

(5) Improved credit union safety and soundness provisions will enhance the public benefit that citizens receive from these cooperative financial services institutions.

TITLE I—CREDIT UNION MEMBERSHIP

SEC. 101. FIELDS OF MEMBERSHIP.

Section 109 of the Federal Credit Union Act (12 U.S.C. 1759) is amended—

(1) in the 1st sentence—

(A) by striking ''Federal credit union membership shall consist of'' and inserting ''(a) IN GENERAL.—Subject to subsection (b), Federal credit union membership shall consist of''; and

(B) by striking '', except that'' and all that follows through the period at the end of such sentence and inserting a period; and

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

''(b) MEMBERSHIP FIELD.—Subject to the other provisions of this section, the membership of any Federal credit union shall be limited to the membership described in 1 of the following categories:

''(1) SINGLE COMMON-BOND CREDIT UNION.—1 group which has a common bond of occupation or association.

''(2) MULTIPLE COMMON-BOND CREDIT UNION.—More than 1 group—

''(A) each of which has (within such group) a common bond of occupation or association; and

''(B) the number of members of each of which (at the time the group is first included within the field of membership of a credit union described in this paragraph) does not exceed any numerical limitation applicable under subsection (d).

''(3) COMMUNITY CREDIT UNION.—Persons or organizations within a well-defined local community, neighborhood, or rural district.

''(c) GRANDFATHERED MEMBERS AND GROUPS.—

''(1) IN GENERAL.—Notwithstanding subsection (b)—

''(A) any person or organization who is a member of any Federal credit union as of the date of the enactment of the Credit Union Membership Access Act may remain a member of such credit union after such date; and

''(B) a member of any group whose members constituted a portion of the membership of any Federal credit union as of such date of enactment shall continue to be eligible to become a member of such credit union, by virtue of membership in such group, after such date.

''(2) SUCCESSORS.—If the common bond of any group referred to in paragraph (1) is defined by any particular organization or business entity, paragraph (1) shall continue to apply with respect to any successor to such organization or entity.

''(d) MULTIPLE COMMON-BOND CREDIT UNION GROUP REQUIREMENTS.—

''(1) NUMERICAL LIMITATION.—Except as provided in paragraph (2), only a group with fewer than 3,000 members shall be eligible to be included in the field of membership of a credit union described in subsection (b)(2).

''(2) EXCEPTIONS.—In the case of any Federal credit union whose field of membership is determined under subsection (b)(2), the numerical limitation described in paragraph (1) shall not apply with respect to the following:

''(A) CERTAIN LARGER GROUPS INCAPABLE OF SUPPORTING AND OPERATING A SINGLE-GROUP CREDIT UNION.—Any group which the Board determines, in writing and in accordance with the guidelines and regulations described in paragraph (4), could not feasibly or reasonably establish a new single common-bond credit union described in subsection (b)(1) because—

''(i) the group lacks sufficient volunteer and other resources to support the efficient and effective operation of a credit union;

''(ii) the group does not meet the criteria which the Board has determined to be important for the likelihood of success in establishing and managing a new credit union, including demographic characteristics, such as geographical location of members, diversity of ages and income levels, and other factors which may affect the financial viability and stability of a credit union; or

''(iii) the group would be unlikely to operate a safe and sound credit union.

''(B) TRANSACTIONS FOR SUPERVISORY REASONS.—Any group transferred from another credit union—

''(i) in connection with a merger or consolidation which has been recommended by the Board or any appropriate State credit union supervisor for safety and soundness concerns with respect to such other credit union; or

''(ii) by the Board in the Board's capacity as conservator or liquidating agent with respect to such other credit union.

''(3) EXCEPTION FOR UNDERSERVED AREAS.—Notwithstanding subsection (b), in the case of a Federal credit union described in paragraph (2) of such subsection, the Board may allow the membership of the credit union to include any person or organization within a local community, neighborhood, or rural district if—

''(A) the Board determines that such local community, neighborhood, or rural district—

''(i) meets the requirements of paragraph (3) and subparagraphs (A) and (B) of paragraph (4) of section 233(b) of the Bank Enterprise Act of 1991, and such additional requirements as the Board may impose; and

''(ii) is underserved, based on data of the Board and the Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act), by other depository institutions (as defined in section 19(b)(1)(A) of the Federal Reserve Act); and

''(B) the credit union establishes and maintains an office or facility in such local community, neighborhood, or rural district at which credit union services are available.

''(4) REGULATIONS AND GUIDELINES.—The Board shall issue guidelines or regulations, after notice and opportunity for comment, setting forth the criteria the Board will apply in determining whether or not an additional group may be included within the field of membership of an existing credit union pursuant to paragraph (2).

''(e) ADDITIONAL MEMBERSHIP ELIGIBILITY PROVISIONS.—

''(1) MEMBERSHIP ELIGIBILITY LIMITED TO IMMEDIATE FAMILY OR HOUSEHOLD MEMBERS.—No individual shall be eligible for membership in a credit union on the basis of the relationship of such individual to another person who is eligible for membership in such credit union unless the individual is a member of the immediate family or household (as such terms are defined by the Board by regulation) of such other person.

''(2) RETENTION OF MEMBERSHIP.—Except as provided in section 118, once a person becomes a member of a credit union in accordance with this title, such person or organization may remain a member of such credit union until the person or organization chooses to withdraw from the membership of the credit union.''.

SEC. 102. CRITERIA FOR APPROVAL OF EXPANSION OF MEMBERSHIP OF MULTIPLE COMMON-BOND CREDIT UNIONS.

Section 109 of the Federal Credit Union Act (12 U.S.C. 1759) is amended by inserting after subsection (e) (as added by section 101 of this title) the following new subsection:

''(f) CRITERIA FOR APPROVAL OF EXPANSION OF MULTIPLE COMMON-BOND CREDIT UNIONS.—

''(1) IN GENERAL.—The Board shall—

''(A) encourage the formation of separately chartered credit unions instead of approving an application to include an additional group within the field of membership of an existing credit union whenever practicable and consistent with reasonable standards for the safe and sound operation of the credit union; and

''(B) if the formation of a separate credit union by such group is not practicable or consistent with such standards, require the inclusion of such group in the field of membership of a credit union which is within reasonable proximity to the location of the group whenever practicable and consistent with reasonable standards for the safe and sound operation of the credit union.

''(2) APPROVAL CRITERIA.—The Board may not approve any application by a Federal credit union described in subsection (b)(2) to include any additional group within the field of membership of such credit union (or an application by a Federal credit union described in paragraph (1) to include an additional group and become a credit union described in paragraph (2)) unless the Board determines, in writing, that—

''(A) such credit union has not engaged in any unsafe or unsound practice (as defined in section 206(b)) which is material during the 1-year period preceding the filing of the application;

''(B) the credit union is adequately capitalized;

''(C) the credit union has the administrative capability to serve the proposed membership group and the financial resources to meet the need for additional staff and assets to serve the new membership group;

''(D) pursuant to the most recent evaluation of such credit union under section 215, the credit union is satisfactorily providing affordable credit union services to all individuals of modest means within the field of membership of such credit union;

''(E) any potential harm the expansion of the field of membership of the credit union may have on any other insured credit union and its members is clearly outweighed in the public interest by the probable beneficial effect of the expansion in meeting the convenience and needs of the members of the group proposed to be included in the field of membership; and

''(F) the credit union has met such additional requirements as the Board may prescribe in regulations.''.

SEC. 103. GEOGRAPHICAL GUIDELINES FOR COMMUNITY CREDIT UNIONS.

Section 109 of the Federal Credit Union Act (12 U.S.C. 1759) is amended by inserting after subsection (f) (as added by section 102 of this title) the following new subsection:

''(g) REGULATIONS REQUIRED FOR COMMUNITY CREDIT UNIONS.—

''(1) DEFINITION OF WELL-DEFINED LOCAL COMMUNITY, NEIGHBORHOOD, OR RURAL DISTRICT.—The Board shall prescribe regulations defining the term 'well-defined local community, neighborhood, or rural district' for purposes of—

''(A) making any determination with regard to the field of membership of a credit union described in subsection (b)(3); and

''(B) establishing the criteria applicable with respect to any such determination.

''(2) SCOPE OF APPLICATION.—Paragraph (1) shall apply with respect to any application to form a new credit union, or to alter or expand the field of membership of an existing credit union, which is filed with the Board after the date of the enactment of Credit Union Membership Access Act.''.

TITLE II—REGULATION OF CREDIT UNIONS

SEC. 201. FINANCIAL STATEMENT AND AUDIT REQUIREMENTS.

(a) IN GENERAL.—Section 202(a)(6) of the Federal Credit Union Act (12 U.S.C. 1782(a)(6)) is amended by adding at the end the following new subparagraphs:

''(C) ACCOUNTING PRINCIPLES.—

''(i) IN GENERAL.—Accounting principles applicable to reports or statements required to be filed with the Board by each insured credit union shall be uniform and consistent with generally accepted accounting principles.

''(ii) BOARD DETERMINATION.—If the Board determines that the application of any generally accepted accounting principle to any insured credit union is not appropriate, the Board may prescribe an accounting principle for application to such credit unions which is no less stringent than generally accepted accounting principles.

''(iii) DE MINIMUS EXCEPTION.—This subparagraph shall not apply to any insured credit union the total assets of which are less than $10,000,000 unless prescribed by the Board or an appropriate State credit union supervisor.

''(D) LARGE CREDIT UNION AUDIT REQUIREMENT.—Each insured credit union which has total assets of $500,000,000 or more shall have an annual independent audit of the financial statement of the credit union performed in accordance with generally accepted auditing standards by an independent certified public accountant or public accountant licensed by the appropriate State or jurisdiction to perform such services.''.

(b) TECHNICAL AND CONFORMING AMENDMENT.—Section 202(a)(6)(B) of the Federal Credit Union Act (12 1786(b)(6)(B)) is amended by striking ''subparagraph (A)'' and inserting ''subparagraph (A) or (D)''.

SEC. 202. CONVERSIONS OF CREDIT UNIONS INTO OTHER DEPOSITORY INSTITUTIONS.

(a) REVIEW OF REGULATIONS REQUIRED.—The National Credit Union Administration Board shall conduct a detailed review of all regulations which govern or affect the conversion of a credit union into any other form of depository institution, including regulations relating to the form of disclosure required preceding a vote by the members of a credit union with regard to any such conversion and the manner in which such vote shall be conducted, to ensure that such regulations freely and fairly permit any such conversion after free, fair, and objective disclosure to the members of the credit union of the facts and issues involved in any such conversion.

(b) REPORT TO THE CONGRESS.—

(1) IN GENERAL.—Before the end of the 12-month period beginning on the date of the enactment of this Act, the National Credit Union Administration Board shall submit a detailed report on the findings and conclusions of the Board in connection with the review required under subsection (a).

(2) CONTENTS OF REPORT.—The report submitted pursuant to paragraph (1) shall contain—

(A) any recommendation for any administrative or legislative change which the Board may determine to be appropriate with regard to any aspect of the conversion of a credit union into another form of depository institution; and

(B) the justification for any recommendation of the Board—

(i) to retain in effect any provision of the regulations in effect on March 13, 1998, which govern or affect the conversion of a credit union into any other form of depository institution; or

(ii) to amend or alter any such provision.

(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) CREDIT UNION.—The term ''credit union'' means any Federal credit union or State credit union (as such terms are defined in paragraphs (1) and (6), respectively, of section 101 of the Federal Credit Union Act).

(2) DEPOSITORY INSTITUTION.—The term ''depository institution'' has the meaning given such term in section 3 of the Federal Deposit Insurance Act.

SEC. 203. FREEZE ON BOARD REGULATIONS RELATING TO COMMERCIAL LOANS AND CERTAIN APPRAISAL REQUIREMENTS RELATING TO SUCH LOANS.

(a) IN GENERAL.—The regulations of the National Credit Union Administration Board which are codified in parts 701.21(h) and 722.3(a) of the Code of Federal Regulations, as in effect on March 13, 1998 (relating to business loans and lines of credit to members and appraisal requirements), including any other regulations which are applicable with respect to loans or lines of credit to which the part applies, shall remain in effect without amendment or altered application until the end of the 1-year period beginning on such date and, notwithstanding the Federal Credit Union Act or any other provision of law, any action of the National Credit Union Administration Board, or the National Credit Union Administration, on or after such date which purports to amend (including an amendment by substitution) or otherwise apply any such regulation differently than in effect on such date shall have no force or legal effect before the end of such 1-year period.

(b) REVIEW AND REPORT TO THE CONGRESS.—Before the end of the 1-year period described in subsection (a), the National Credit Union Administration Board shall conduct a review of the effectiveness of the regulations referred to in such subsection as in effect on March 13, 1998, and shall submit a report to the Congress on the results of such review before the end of such 1-year period.

SEC. 204. SERVING PERSONS OF MODEST MEANS WITHIN THE FIELD OF MEMBERSHIP OF CREDIT UNIONS.

(a) IN GENERAL.—Title II of the Federal Credit Union Act (12 U.S.C. 1781 et seq.) is amended by adding at the end the following new section:

''SEC. 215. SERVING PERSONS OF MODEST MEANS WITHIN THE FIELD OF MEMBERSHIP OF CREDIT UNIONS.

''(a) CONTINUING AND AFFIRMATIVE OBLIGATION.—The purpose of this section is to reaffirm that insured credit unions have a continuing and affirmative obligation to meet the financial services needs of persons of modest means consistent with safe and sound operation.

''(b) EVALUATION BY THE BOARD.—The Board shall, before the end of the 12-month period beginning on the date of the enactment of the Credit Union Membership Access Act—

''(1) prescribe criteria for periodically reviewing the record of each insured credit union in providing affordable credit union services to all individuals of modest means (including low- and moderate-income individuals) within the field of membership of such credit union; and

''(2) provide for making the results of such review publicly available.

''(c) ADDITIONAL CRITERIA FOR COMMUNITY CREDIT UNIONS REQUIRED.—The Board shall, by regulation—

''(1) prescribe additional criteria for annually evaluating the record of any insured credit union which is organized to serve a well-defined local community, neighborhood, or rural district in meeting the credit needs and credit union service needs of the entire field of membership of such credit union; and

''(2) prescribe procedures for remedying the failure of any insured credit union described in paragraph (1) to meet the criteria established pursuant to such paragraph, including the disapproval of any application by such credit union to expand the field of membership of such credit union.

''(d) EMPHASIS ON PERFORMANCE, NOT PAPERWORK.—In evaluating any insured credit union under this section, the Board shall—

''(1) focus on the actual performance of the insured credit union; and

''(2) not impose burdensome paperwork or recordkeeping requirements.''.

(b) ANNUAL REPORTS.—With respect to each of the 1st 5 years which begin after the date of the enactment of this Act, the National Credit Union Administration Board shall include in the annual report to the Congress under section 102(d) of the Federal Credit Union Act a report on the progress of the Board in implementing section 215 of such Act (as added by subsection (a) of this section).

SEC. 205. NATIONAL CREDIT UNION ADMINISTRATION BOARD MEMBERSHIP.

Section 102(b) of the Federal Credit Union Act (12 1752a(b)) is amended—

(1) by striking ''(b) The Board'' and inserting ''(b) MEMBERSHIP AND APPOINTMENT OF BOARD.—

''(1) IN GENERAL.—The Board''; and

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

''(2) APPOINTMENT CRITERIA.—

''(A) EXPERIENCE IN FINANCIAL SERVICES.—In considering appointments to the Board under paragraph (1), the President shall give consideration to individuals who, by virtue of their education, training, or experience relating to a broad range of financial services, financial services regulation, or financial policy, are especially qualified to serve on the Board.

''(B) LIMIT ON APPOINTMENT OF CREDIT UNION OFFICERS.—Not more than 1 member of the Board may be appointed to the Board from among individuals who, at the time of such appointment, are, or have recently been, involved with any insured credit union as a committee member, director, officer, employee, or other institution-affiliated party.''.

SEC. 206. REPORT AND CONGRESSIONAL REVIEW REQUIREMENT FOR CERTAIN REGULATIONS.

Any regulation prescribed by the National Credit Union Administration Board defining, or amending the definition of—

(1) the term ''immediate family or household'' for purposes of subsection (e)(1) of section 109 of the Federal Credit Union Act (as added by section 101 of this Act); or

(2) the term ''well-defined local community, neighborhood, or rural district'' for purposes of subsection (g) of such section (as added by section 103 of this Act),

shall be treated as a major rule for purposes of chapter 8 of title 5, United States Code.

TITLE III—CAPITALIZATION AND NET WORTH OF CREDIT UNIONS

SEC. 301. PROMPT CORRECTIVE ACTION.

(a) IN GENERAL.—Title II of the Federal Credit Union Act (12 U.S.C. 1781 et seq.) is amended by inserting after section 215 (as added by section 204 of this Act) the following new section:

''SEC. 216. PROMPT CORRECTIVE ACTION

''(a) RESOLVING PROBLEMS TO PROTECT FUND.—

''(1) PURPOSE.—The purpose of this section is to resolve the problems of insured credit unions at the least possible long-term loss to the National Credit Union Share Insurance Fund.

''(2) PROMPT CORRECTIVE ACTION REQUIRED.—The Board shall carry out the purpose of this section by taking prompt corrective action to resolve the problems of insured credit unions.

''(b) REGULATIONS.—The Board shall implement subsection (a) of this section by prescribing regulations, after public notice and opportunity for comment, which—

''(1) establish criteria and procedures for classifying credit unions as 'well capitalized', 'adequately capitalized', 'undercapitalized', 'significantly undercapitalized', or 'critically undercapitalized';

''(2) specify a series of graduated regulatory enforcement actions that may be imposed upon any credit union which fails to meet the requirements for classification as an adequately capitalized credit union, including—

''(A) the submission of net worth restoration plans;

''(B) earnings retention requirements;

''(C) prior written approval by the Board for certain activities such as branching and entry into new lines of business; and

''(D) the appointment of a conservator or liquidating agent in appropriate circumstances;

''(3) establish reasonable net worth requirements, including risk-based net worth requirements in the case of complex credit unions, for various categories of credit unions and prescribe the manner in which net worth is calculated (for purposes of such requirements) with regard to various types of investments, including investments in corporate credit unions, taking into account the unique nature and role of credit unions;

''(4) establish criteria for reclassifying the capital classifications of credit unions that engage in unsafe or unsound practices; and

''(5) are generally comparable with the prompt corrective action provisions set forth in section 38 of the Federal Deposit Insurance Act, taking into account the distinct capital structure, cooperative nature, and other characteristics of credit unions.''.

(b) EFFECTIVE DATE OF REGULATIONS.—

(1) PROPOSED REGULATIONS.—The National Credit Union Administration Board shall publish, in the Federal Register, proposed regulations which meet the requirements of the amendment made by subsection (a) before the end of the 270-day period beginning on the date of the enactment of this Act.

(2) FINAL REGULATIONS.—The regulations required by the amendment made by subsection (a) shall take effect in final form by the end of the 18-month period beginning on the date of the enactment of this Act.

(c) REPORT TO CONGRESS.—At the time the proposed prompt corrective action regulations are published in the Federal Register by the National Credit Union Administration Board pursuant to subsection (b)(1), the Board shall submit a report to the Congress on the differences and similarities between such prompt corrective action regulations and the regulations prescribed by the Federal bank agencies under section 38 of the Federal Deposit Insurance Act.

SEC. 302. NATIONAL CREDIT UNION SHARE INSURANCE FUND EQUITY RATIO, AVAILABLE ASSETS RATIO, AND STANDBY PREMIUM CHARGE.

(a) IN GENERAL.—Section 202 of the Federal Credit Union Act (12 U.S.C. 1782) is amended—

(1) by amending subsection (b) to read as follows:

''(b) CERTIFIED STATEMENT.—

''(1) STATEMENT REQUIRED.—

''(A) IN GENERAL.—For each calendar year in the case of an insured credit union with total assets of not more than $50,000,000, and for each semi-annual period in the case of an insured credit union with total assets of $50,000,000 or more, an insured credit union shall file with the Board, at such time as the Board prescribes, a certified statement showing the total amount of insured shares in the credit union at the close of the relevant period and both the amount of its deposit or adjustment of deposit and the amount of the insurance charge due to the fund for that period, both as computed under subsection (c).

''(B) EXCEPTION FOR NEWLY INSURED CREDIT UNION.—Subparagraph (A) shall not apply with respect to a credit union that became insured during the reporting period.

''(2) FORM.—The certified statements required to be filed with the Board pursuant to this subsection shall be in such form and shall set forth such supporting information as the Board shall require.

''(3) CERTIFICATION.—The president of the credit union or any officer designated by the board of directors shall certify, with respect to each such statement, that to the best of his or her knowledge and belief the statement is true, correct, complete, and in accordance with this title and the regulations issued under this title.'';

(2) by amending clause (iii) of subsection (c)(1)(A) to read as follows:

''(iii) PERIODIC ADJUSTMENT.—The amount of each insured credit union's deposit shall be adjusted as follows, in accordance with procedures determined by the Board, to reflect changes in the credit union's insured shares:

''(I) annually, in the case of an insured credit union with total assets of not more than $50,000,000; and

''(II) semi-annually, in the case of an insured credit union with total assets of $50,000,000 or more.'';

(3) by amending paragraphs (2) and (3) of subsection (c) to read as follows:

''(2) INSURANCE PREMIUM CHARGES.—

''(A) IN GENERAL.—Each insured credit union shall, at such times as the Board prescribes (but not more than twice in any calendar year), pay to the fund a premium charge for insurance in an amount stated as a percentage of insured shares (which shall be the same for all insured credit unions).

''(B) RELATION OF PREMIUM CHARGE TO EQUITY RATIO OF FUND.—The Board may assess a premium charge only if—

''(i) the fund's equity ratio is less than 1.3 percent; and

''(ii) the premium charge does not exceed the amount necessary to restore the equity ratio to 1.3 percent.

''(C) PREMIUM CHARGE REQUIRED IF EQUITY RATIO FALLS BELOW 1.2 PERCENT.—If the fund's equity ratio is less than 1.2 percent, the Board shall, subject to subparagraph (B), assess a premium charge in such an amount as the Board determines to be necessary to restore the equity ratio to, and maintain that ratio at, 1.2 percent.

''(3) DISTRIBUTIONS FROM FUND REQUIRED.—

''(A) IN GENERAL.—The Board shall effect a pro rata distribution to insured credit unions after each calendar year if, as of the end of that calendar year—

''(i) any loans to the fund from the Federal Government, and any interest on those loans, have been repaid;

''(ii) the fund's equity ratio exceeds the normal operating level; and

''(iii) the fund's available assets ratio exceeds 1.0 percent.

''(B) AMOUNT OF DISTRIBUTION.—The Board shall distribute under subparagraph (A) the maximum possible amount that—

''(i) does not reduce the fund's equity ratio below the normal operating level; and

''(ii) does not reduce the fund's available assets ratio below 1.0 percent.

''(C) CALCULATION BASED ON CERTIFIED STATEMENTS.—In calculating the fund's equity ratio and available assets ratio for purposes of this paragraph, the Board shall determine the aggregate amount of the insured shares in all insured credit unions from insured credit unions certified statements under subsection (b) for the final reporting period of the calendar year referred to in subparagraph (A).'';

(4) by adding at the end of subsection (c) the following new paragraph:

''(4) TIMELINESS AND ACCURACY OF DATA.—In calculating the available assets ratio and equity ratio of the fund, the Board shall use the most current and accurate data reasonably available.''; and

(5) by amending subsection (h) to read as follows:

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

''(1) AVAILABLE ASSETS RATIO.—The term 'available assets ratio', when applied to the fund, means the ratio of—

''(A) the amount determined by subtracting—

''(i) direct liabilities of the fund and contingent liabilities for which no provision for losses has been made, from

''(ii) the sum of cash and the market value of unencumbered investments authorized under section 203(c), to

''(B) the aggregate amount of the insured shares in all insured credit unions.

''(2) EQUITY RATIO.—The term 'equity ratio', when applied to the fund, means the ratio of—

''(A) the amount of fund capitalization, including insured credit unions' 1 percent capitalization deposits and the fund's retained earnings balance (net of direct liabilities of the fund and contingent liabilities for which no provision for losses has been made), to

''(B) the aggregate amount of the insured shares in all insured credit unions.

''(3) INSURED SHARES.—The term 'insured shares', when applied to this section, includes share, share draft, share certificate, and other similar accounts as determined by the Board, but does not include amounts exceeding the insured account limit set forth in section 207(c)(1).

''(4) NORMAL OPERATING LEVEL.—The term 'normal operating level', when applied to the fund, means an equity ratio specified by the Board, which shall be not less than 1.2 percent and not more than 1.5 percent.''.

(b) EFFECTIVE DATE.—This section shall become effective on January 1 of the first calendar year beginning more than 180 days after the date of enactment of this Act.

SEC. 303. ACCESS TO LIQUIDITY.

Section 204 of the Federal Credit Union Act (12 U.S.C. 1784) is amended by adding at the end the following new subsections:

''(f) ACCESS TO LIQUIDITY.—The Board shall—

''(1) periodically assess the potential liquidity needs of each insured credit union, and the options that the credit union has available for meeting those needs; and

''(2) periodically assess the potential liquidity needs of insured credit unions as a group, and the options that insured credit unions have available for meeting those needs.

''(g) SHARING INFORMATION WITH FEDERAL RESERVE BANKS.—The Board shall, for the purpose of facilitating insured credit unions' access to liquidity, make available to the Federal reserve banks (subject to appropriate assurances of confidentiality) information relevant to making advances to such credit unions, including the Board's reports of examination.''.

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. ASSURING INDEPENDENT DECISION MAKING IN CONNECTION WITH CERTAIN CONVERSIONS.

Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended by adding at the end the following new subsection:

''(t) CONVERSIONS INVOLVING FORMER CREDIT UNIONS.—

''(1) IN GENERAL.—Notwithstanding any other provision of law—

''(A) an insured credit union may not convert into an insured depository institution; and

''(B) an insured depository institution which resulted from a prior conversion of an insured credit union into such insured depository institution may not convert from the mutual form to the stock form and may not convert from 1 form of depository institution into another,

unless the appropriate Federal banking agency for the insured depository institution which results from any such conversion reviews the conversion and determines that the requirements of paragraphs (2) and (3) have been met.

''(2) PROHIBITION ON ECONOMIC BENEFIT FROM CONVERSION FOR CREDIT UNION OFFICERS, DIRECTORS, AND COMMITTEE MEMBERS.—An individual who is or, at any time during the 5-year period preceding any conversion described in paragraph (1), was a director, committee member, or senior management official of an insured credit union described in subparagraph (A) or (B) of such paragraph (in connection with such conversion) may not receive any economic benefit as a result of the conversion with regard to the shares or interests of such director, member, or officer in the former insured credit union or in any resulting insured depository institution.

''(3) ACKNOWLEDGEMENT AND ATTESTATION BY OFFICERS, DIRECTORS, AND COMMITTEE MEMBERS.—Any insured credit union or insured depository institution which is seeking to engage in a conversion which is subject to this subsection shall submit—

''(A) a written acknowledgement, in such form and manner as the appropriate Federal banking agency may prescribe, by every individual who is subject to the prohibition

contained in paragraph (2), that such individual is aware of such prohibition; and

''(B) an attestation that the conversion under review will not result in a violation of such prohibition.

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

''(A) INSURED CREDIT UNION.—The term 'insured credit union' has the meaning given to such term in section 101(7) of the Federal Credit Union Act.

''(B) SENIOR MANAGEMENT OFFICIAL.—The term 'senior management official' means a chief executive officer, an assistant chief executive officer, a chief financial officer, and any other senior executive officer (as defined by the appropriate Federal banking agency pursuant to section 32(f)).''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LEACH asked and was given permission to revise and extend his remarks.)

Mr. LEACH. Mr. Speaker, the House today takes up H.R. 1151, the Credit Union Membership Access Act, which the Committee on Banking and Financial Services approved by unanimous voice vote last Thursday.

The bill is before us today as a result of a ruling by the Supreme Court on February 25, holding that the National Credit Union Administration had improperly interpreted its 1934 act in allowing for mergers between credit unions with different common bonds.

Last year, at the time the Court took the case, there were those who advocated congressional action. My view, and that of many others, was that it would have been inappropriate for Congress to act while the case was pending before the Court. However, I made it clear to all affected parties that I was committed to prompt hearings and action if necessary to ensure that no Americans would be kicked out of the financial institution of their choice.

Mr. Speaker, we have moved quickly for a deliberative legislative body. Within two weeks of the Supreme Court ruling, the Committee on Banking and Financial Services had a comprehensive hearing on the subject. Two weeks later we marked up a bill, and now it is being brought to the floor.

Credit unions represent democracy at work in the marketplace, and this legislation will go a long way towards ensuring they remain an integral part of the American way of life.

The legislation before us first and foremost provides for grandfathering all current common bond arrangements and all current credit union members. It ensures the continued safety and soundness of credit unions by permitting certain multiple common bond formations in the future.

H.R. 1151 would allow any credit union members jeopardized by the court ruling to retain their membership. It would allow credit unions to accept members from an unrelated group as long as the members from the group do not exceed 3,000. Groups that joined would also have to be located within a reasonable proximity of the credit union itself.

The bill would require the Credit Union Administration to move to more specifically define who could join a credit union, based on their status as a member's immediate family or household or living in a certain geographic area.

The bill would extend for one year current regulations that allow credit unions to make commercial loans.

The bill would require credit unions to serve members of modest means, and require the Credit Union Administration to set up criteria for periodically reviewing credit unions' lending records to ensure compliance with this provision. This provision is similar to the requirements of the 1977 Community Reinvestment Act which applies to the banking industry.

The bill would also require that the Credit Union Administration promulgate regulations that would apply capital requirements to credit unions to ensure safety and soundness. Such requirements deal with such items as reserves and collateral now applied to banks.

The bill would allow the Credit Union Administration to increase the funds that credit unions must pay to the National Credit Union Insurance Fund, a Federal fund that insures deposits and makes credit unions safe for the public.

Finally, I would like to draw Members' attention to a provision I authored which is designed to protect credit union members in the event a credit union changes to a stock charter. In the S&L industry in recent years, insiders who controlled mutual associations reaped large profits when they changed to a stock structure. Under this bill, in the event any credit union changes its structure, the benefits of the credit union will go to the membership rather than insiders.

Mr. Speaker, I ask for Members' support for this bill, and would like to recognize important contributions in its crafting by the gentleman from New York (Mr. LAFALCE), the distinguished ranking member of the committee, as well as that of the gentlewoman from New Jersey (Mrs. ROUKEMA) and the gentleman from Minnesota (Mr. VENTO), the chair and ranking member of the Subcommittee on Financial Institutions and Consumer Credit.

□ 1230

In addition to the original cosponsors of H.R. 1151, the gentleman from Ohio (Mr. LATOURETTE) and the gentleman from Pennsylvania (Mr. KANJORSKI) made extraordinary contributions to the legislation before us. I thank all of them and their respective staffs for working days, evenings and weekends in order to bring this to the floor on a timely basis.

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

(Mr. LAFALCE asked and was given permission to revise and extend his remarks.)

Mr. LAFALCE. Mr. Speaker, I yield myself 2 minutes.

I strongly support the bill that is before us today. The bill will preserve and promote the future viability of federally chartered credit unions. This bill is an imperative. It must be passed today. It must be passed in the Senate as soon as possible and signed into law by the President.

The reason we are at the point we are today in large part is because of the outstanding work of the chairman of the committee, the gentleman from Iowa (Mr. LEACH). The gentleman from Iowa (Mr. LEACH) made the decision to proceed in not a bipartisan, but a nonpartisan way and that is the way it has been on this bill from the day of the Supreme Court decision. There has been a totally cooperative, collegial approach, not only between the chairman and myself, but between the Republican side of the aisle and the Democratic side of the aisle, their excellent staff and our excellent staff working jointly.

We have produced a good bill, a bill that can be supported by every one, a bill that can be supported by the administration and a bill that will be a clear winner, a winner for credit unions and credit union members, yes. A winner for banks also, because it closes down on some inappropriate practices that, to a certain extent, existed and could exist under previous law. Those have been closed down, tightened up.

Most importantly, it is a clear winner for the American consumer. It promotes safety and soundness, and it gives the consumer the option of going to a credit union, a thrift, a bank, whatever the consumer might want. And it maintains the concept of the credit union as we have known it.

My thanks to every one, especially the chairman, the staff of both the Republican and Democratic side and my colleagues, the gentleman from Minnesota (Mr. VENTO), the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Pennsylvania (Mr. KANJORSKI), and the gentleman from Ohio (Mr. LATOURETTE) and so many others. I would love to proceed on every single bill before our committee in the manner that we proceeded on this one.

Mr. LEACH. Mr. Speaker, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA), who played such a critical role in the development of this approach.

Mrs. ROUKEMA. Mr. Speaker, I thank Chairman LEACH for yielding me the time. I want to commend him for his profound and extraordinary leadership on what could have been an extraordinarily controversial issue here and certainly express my appreciation to the ranking members Representatives LAFALCE and VENTO.

Members have already heard outlined the fact that we are profoundly and promptly responding to the Supreme Court decision and really exercising in a proper way the separation of powers between the judiciary and the Congress. We are exercising our statutory authority here. I do support it.

I would like to make three other short points. First, obviously we have promptly acted on the Supreme Court's decision, and I think we have done it in time so that we can avoid other court decisions that might further complicate the problem. So we have resolved that statutory responsibility.

Secondly, we are protecting hard-working savers and consumers, the 20 million credit union Members that are really innocent of this problem as it was created, but they deserve to be grandfathered and protected and that is done under this bill.

Thirdly, and perhaps most importantly for our Members who are conflicted about the different special interest groups here and the perhaps imprecise information that they have been given, we are putting in place many of the Treasury Department's recommendations on safety and soundness. That is important, of primary importance to our committee. Credit unions will have bank-like capital and net worth requirements in this bill. Large credit unions are required to have annual audits by licensed CPAs. I agree with the complete explanation the Chairman presented, on that provision. These and other new requirements will assure that credit unions are financially safe, in the years to come and not be a threat to the taxpayer.

Mr. Speaker, I think we can take some pride in what is done here. It does not mean that I would not have made some tighter restrictions on the multiple common bonds. I would have. But I think what we have to understand is that there are stricter, there are tighter restrictions on the growth of these common bonds, really restrictions that can be held to tight legal requirements as far as I am concerned. But the important thing here is that we have reached a consensus. We have found common ground here. I think we have balanced properly good public policy with what is the need for continuing credit union life. I think that is important.

I would also note that in terms of putting requirements on the multiple common bond credit unions, we did put geographic limitations on the expansion and we have seen in the local preference provisions in section 102 of the bill that it is extremely important, the local preference positions.

Again, I think we have struck the right balance between good public policy and given the proper and timely legislative response to the Supreme Court dictate.

I commend this to my colleagues for approval, and ask that the language of the Committee report (as attached) be included in this debate.

The Committee does not intend for this numerical limitation to be interpreted as permitting all groups with 3,000 or fewer members to be included within the field of membership of an existing credit union. The 3,000 member limitation is intended as the maximum size of groups that can organize within an existing credit union, unless a group meets specific exemptions. The Board is required, under Section 102 of the bill, to encourage common bond groups, regardless of size, to organize new separately chartered credit unions. The NCUA must determine that a group has sufficient financial and operational resources to form a separate credit union and to operate it in a safe and sound manner.

There are two exceptions to the 3,000 member limit. First, the NCUA may permit groups with over 3,000 members to join an existing credit union if the Board determines in writing that the group does not have the financial resources or operational capacity to organize and operate a new single common bond credit union. Second, the Board may merge or consolidate a group with over 3,000 members with another credit union for supervisory reasons. The Committee does not intend for these exceptions to provide broad discretion to the Board to permit larger groups to be incorporated within or merged with other credit unions. The exceptions are intended to apply where the Board has sufficient evidence to support a finding that creation of a separately chartered credit union, or the continued operation of an existing credit union, present safety and soundness concerns.

There is also an exception in this section for underserved areas. Any person or organization within an underserved local community, neighborhood, or rural district may be added to multiple common bond credit unions which establishes and maintains an office or facility in the underserved areas. The term ''facility'' in the Act is meant to be defined in the same way that the National Credit Union Administration (''NCUA'' or ''Board'') has defined ''service facility,'' that is, an automatic teller machine or similar device would not qualify. The section also requires the NCUA to issue regulations, with notice and comment, establishing criteria that will be applied when determining whether additional groups may be added under this section.

Under this section, multiple common bond credit unions are required to apply to the NCUA every time they want to add a new group to their field of membership, regardless of the size of the group to be added. The NCUA must determine in writing that the six specific approval criteria have been met. This NCUA determination is a final agency action. Specifically, the Board must find that the credit union has not engaged in material unsafe or unsound practices during the year prior to the application; the credit union is adequately capitalized; it has the administrative capability to serve the proposed membership group and the financial resources to meet the need for additional staff and assets to serve the new group. Additionally, in accordance with section 215 of the Federal Credit Union Act, the Board must determine that the credit union is satisfactorily providing credit union services to all individuals of modest means within its field of membership; and that any potential harm to another insured credit union and its members from the credit union's expansion is clearly outweighed by the probable beneficial effect of the expansion in meeting the convenience and needs of the members of the group proposed to be included. The credit union must also meet any other requirements the Board has prescribed.

The Committee specifically notes the approval criteria in subparagraph (E) which related to potential harm to other insured credit unions. As noted above, the Committee strongly favors placing groups with local credit unions. However, it is not intended that this requirement be implemented in a manner that causes significant injury to other local credit unions in terms of creating overlapping memberships that may weaken the membership or financial base of an existing credit union. The Board is expected to establish procedures to minimize the potential harm to other insured credit unions wherever possible and, at a minimum, to ensure that any potential harm to an existing credit unions is clearly outweighed by the benefits created by the membership expansion in terms of additional services and convenience for the new member group.

Section 103. GEOGRAPHICAL GUIDELINES FOR COMMUNITY CREDIT UNIONS.

Section 103 requires the Board to define by regulation the criteria it will use in determining the meaning of the term ''well defined local community, neighborhood, or rural district'' for purposes of evaluating charter applications by community credit unions. These terms shall only apply to applications for new credit unions and applications to alter the membership of existing credit unions submitted after the date of enactment.

Mr. LAFALCE. Mr. Speaker, I yield such time as he may consume to the gentleman from Maine (Mr. BALDACCI).

(Mr. BALDACCI asked and was given permission to revise and extend his remarks.)

Mr. BALDACCI. Mr. Speaker, I rise in support of H.R. 1151.

I rise today in support of HR 1151, the Credit Union Membership Access Act. In light of the Supreme Court's decision, it is important that we take action to clarify the status of credit unions and their members.

Credit unions—along with banks large and small—are an important part of our Nation's financial fabric. People want to—and should be able to—choose the financial institution with which they will do business. Banks, community banks, and credit unions each provide valuable services in Maine. We need to make sure that a healthy competition exists which will ultimately benefit the people of Maine.

At the same time, I am disappointed that this legislation has come to the Floor under Suspension of the Rules. This procedure means that there is no opportunity to fully debate this subject, or to offer amendments to the bill. Specifically, I would have liked the opportunity to debate many of the Treasury Department's recommendations and capital requirements which were not included in this bill.

Credit unions play a critical role in our financial markets, and it is absolutely necessary that strong safety, soundness and capital measures be adopted to ensure their viability well into the next century.

Again, I support this legislation. However, I would urge my colleagues on the Banking Committee to take these issues into consideration should this matter go into conference.

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. VENTO), distinguished ranking member of the Subcommittee on Financial Institutions and Consumer Credit.

Mr. VENTO. Mr. Speaker, I thank the gentleman for yielding me this time.

I commend the chairman and ranking member, the subcommittee chair, the

gentlewoman from New Jersey (Mrs. ROUKEMA) and others, the gentleman from Pennsylvania (Mr. KANJORSKI), and the gentleman from Ohio (Mr. LATOURETTE), for their work in terms of bringing and shaping the package that we have before us. I think this is a bill that the Members should overwhelmingly record their vote in support of.

The fact is that this remedies the court decision of about a month ago that had been a long time considered by the courts in terms of the field of membership for credit unions. The definitions in the law really have not been substantively adjusted since 1934. After some over 60 years, it is appropriate to recognize in the law the changing complexion of our society and our economy and the nature of mergers, acquisitions and divestiture that often has occurred with regard to various employee and other association groups that had been organized as credit unions. It is only common sense to recognize that this evolution would cause and eclipse the 1934 law upon which credit unions rely for the base of membership.

This importantly not just remedies the Supreme Court case, but sets a policy path and guidance for the future by strengthening the definitions of such groupings and probably averting future court cases that have recently been rendered by the Supreme Court. It greatly strengthens, this bill strengthens the Credit Union Administration. It provides additional safety and soundness, and it very importantly provides a social responsibility. The reason that we, of course, have financial institutions, including banks, credit unions and thrifts and others, is, of course, to serve the people we represent.

Some 20 years ago we set in place something called the Community Reinvestment Act. This puts in place the Community Reinvestment Act that fits and is tailored to the needs of the credit union. I urge Members to support and record their vote in favor of this measure.

Mr. Speaker, I rise in support of this urgently needed legislation for current credit unions and their members who have been jeopardized by the Supreme Court's decision in February. This bill will protect the ten to twenty million credit union members that could be affected by that ruling. H.R. 1151 as reported by the Banking Committee last week will also assist future credit unions and their members by providing additional statutory direction that can immunize the credit union industry from future law suits.

As Members know, this legislative compromise came together through the work of a bipartisan working group that sorted through the various issues to present to the Banking Committee. I want to thank Chairman LEACH who brought me, Mr. LAFALCE, Mr. KANJORSKI and Members from the other side of the aisle together over the past month to forge this measure. The Banking Committee perfected this bill and we have brought the House a sound and solid compromise. We took input and advice from the interest parties, the credit unions, the banks, and the good legislative initiatives of our colleagues. The work of Mr. KANJORSKI, Mr. LATOURETTE, Mr. LAFALCE, Mr. BARRETT, Mr. KENNEDY, Mr. FROST, Mr. BAKER, Mr. EHRLICH and others is reflected in this bill before the House today.

Mr. Speaker, we need to modernize the credit union field of membership definitions which do not fit the socio-economic reality of the 1990's. The merger/divestiture phenomena of corporate America has changed the landscape and has had an unusual and special effect upon credit unions bound by the ''common bond'' and ''field of membership'' law. This has conversely forced divestitures, mergers or closings of credit unions. Federal credit union law needs to accommodate and respond to this reality. Credit union law needs to be modernized, addressing the membership base of credit unions because they would not be able to sustain a membership base and reasonable services under the strict interpretation of a 1934 federal credit union law.

By creating a new mechanism for adding so-called select employee groups, basically allowing multiple common-bond credit unions, we are revamping and facilitating the federal credit union law and empowering credit unions to adapt to the 1990's market place. The bill provides clear direction to the National Credit Union Administration (NCUA) including a 3,000 field of membership guideline and a reasonable proximity test. It also affords the regulator with flexibility to accommodate groups that may not meet this test but that would find it difficult to form a single-bond credit union of their own.

H.R. 1151 now has a Community Reinvestment Act-like test that I am optimistic credit unions can met. This policy and requirement will benefit our communities and economy. Credit unions can and should meet the needs of credit union members of modest means. I have urged credit unions to accept this responsibility and now I would encourage the NCUA in implementing this new CRA-like test to emphasize performance and results not paperwork. I expect that the NCUA will review and draw from the good work of other financial institutions regulators who in the last few years have revamped CRA to do just that.

We have strengthened the regulatory foundation of credit unions, the regulators and the NCUA insurance fund by adding capital and net worth requirements to be established by the National Credit Union Administration based on the guidance in this legislation. The NCUA will be empowered with prompt corrective action powers, substantially similar to those that have been established to govern the banks and thrifts. We have reinforced the share insurance fund mandating the retention of funds. Independent audits will be required for today's very large credit unions with assets in excess of $500 million.

H.R. 1151 also keeps the data flowing on member business loans and mandates special credit union qualifications for activities, maintaining a $50,000 threshold for reporting and other requirements. It does not, however, place any additional restrictions on the size or quantity of personal loans for a business purpose that a credit union can make to its members. The report called for in this measure will provide the information needed to better understand member business loans so that any action would be based on facts that justify the action.

Mr. Speaker, we need to pass this bill today so that this corrective legislation with regards to credit unions will move forward expeditiously in the Senate and make its way to the President as soon as possible. Credit unions have been faced by the same competitive pressures, changing technology, and the evolution in products and services that other financial institutions are facing. In order to meet the challenges of the 21st Century, credit union law, regulation and operation must modernize and grow responsibly. I urge my Colleagues to support H.R. 1151, the Credit Union Membership Access Act.

Mr. LEACH. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. LATOURETTE), original author of this legislation, a very committed and distinguished Member.

(Mr. LATOURETTE asked and was given permission to revise and extend his remarks.)

Mr. LATOURETTE. Mr. Speaker, I thank the chairman very much for yielding time to me.

Mr. Speaker, this is a wonderful day for the 70 million Americans who belong to credit unions, including the 2.8 million members in my home State of Ohio. When the gentleman from Pennsylvania (Mr. KANJORSKI) and I began this journey a little over a year ago, I do not think we could have imagined that our simple 6-line bill designed to update a 1934 depression era statute would grow to over 30 pages and enjoy 200 cosponsors in the House, including the Speaker of the House, the gentleman from Georgia (Mr. GINGRICH).

The evolution of this legislation has everything to do with the strong grass roots campaign by the members of America's credit unions and the willingness of leadership on both sides of the Committee on Banking and Financial Services to work with the issue and develop a compromise that takes into account the concerns of many Members and many interests.

I especially want to thank and recognize the efforts of the gentleman from Iowa (Mr. LEACH), the gentleman from New York (Mr. LAFALCE), the gentlewoman from New Jersey (Mrs. ROUKEMA) and the gentleman from Minnesota (Mr. VENTO). Without their involvement following the Supreme Court decision and their willingness to work long hours and to talk through these issues, we would not be on the floor today.

I also want to make an observation that working with a member from the other side of the aisle, as I have had a chance to do with the gentleman from Pennsylvania (Mr. KANJORSKI) for the last year, is something that I would recommend to all my friends. This experience has given me the chance to realize what a fine man and representative the gentleman from Pennsylvania (Mr. KANJORSKI) is and how lucky his constituents in Pennsylvania are that they have him representing their interests in the House.

This effort would also not have been possible without the support and encouragement of Speaker GINGRICH.

Quite frankly, his cosponsorship of this bill greatly accelerated its pace and jump started the support of many Members. His willingness to be out front on this issue should be applauded.

Mr. Speaker, why is it important for credit unions to be allowed to expand as they have for the last 16 years? The need was certainly illustrated to me in a letter that I received from a constituent, Betty Yelochen of Mayfield Village. Ms. Yelochen has been a member of Clark General Federal Credit Union for over 40 years and has worked as its manager the last 19 years.

She writes about her credit union:

> Our original sponsor company, Clark Controller Co., went out of business a number of years ago. In order to survive, the credit union took in a number of mergers. When the policy was adopted in 1982 permitting multiple groups, we took in a number of smaller companies that couldn't support a credit union on their own. Our credit union is small, only $1.7 million in assets and approximately 1,300 members. All of my financing has been handled by our credit union. Clark General Federal Credit Union offers personalized service with minimal fees.

It is as simple as this, Mr. Speaker. As Members have died, they have been replaced by Members from small companies, some of which join in increments of as few as four employees at a time. Additionally, in the 16 years following the relaxation of membership rules, Clark General Federal Credit has taken in a few smaller companies and credit unions including the Curtis Employees Credit Union of Eastlake, Ohio, which was on the brink of collapse after a protracted labor strike by Curtis employees.

About 230 Curtis employees now belong to Clark General. Most members of Clark General Credit Union are elderly and have been members for 40 years or more. Betty Yelochen says it is kind of like home. It is run on a shoestring, and we are so reserved it is unreal. Still even this small credit union wants to remain viable, and to do so it has to be able to add new members and new services which H.R. 1151 permits it to do.

It is important to note that this credit union has no aspirations of offering home mortgages or even second mortgages. Heck, they would be thrilled if they could just have a drive-through window or an ATM machine. This particular credit union exists largely because of its low-cost loans that it can provide to members and its low delinquency rate. It is doing the same things well today that it did for 50 years.

Mr. Speaker, H.R. 1151 ensures credit union access to America's millions and millions of small businesses. This hard-working, prosperous and inventive work force will now have the ability to choose where they can conduct their financial dealings. Had the Congress let the Supreme Court ruling stand and prevented new employee groups, each with its own common bond, from joining credit unions, we would have been harming a huge chunk of America's work force.

Remember, Mr. Speaker, our country's 22 million small businesses employ more than 50 percent of the private work force, generate more than half of the Nation's gross domestic product, and are the principle source of new jobs. When President Clinton announced plans to reinvent the Federal Government he indicated the goal was ''customer service equal to the best in business.''

Mr. Speaker, many credit union members believe this is precisely what they get today from their credit union, the best customer service in the business.

Mr. Speaker, H.R. 1151 should not be considered pro credit union or antibank. Instead, it should be viewed as it was intended, pro consumer and pro competition, both of which are good things. I urge Members to pass this bill.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Pennsylvania (Mr. KANJORSKI), primary Democratic author of the original version of H.R. 1151, and certainly the primary promoter of a cure for the problem created by the Supreme Court decision.

□ 1245

Mr. KANJORSKI. Mr. Speaker, this is a great day for the House of Representatives. I just want to take a moment because I am one of the Members that have had the opportunity to serve in this House not only as a Member of Congress but as a page. So my history goes back to the 83rd Congress, and I have watched so many great and fine people come through this tradition and this institution and go on to our highest office.

But today is a fine day; and our former friend and colleague, Bill Emerson, would have been pleased to be here today because he had the same intuition as I have about this fine institution.

We had a problem yesterday with the attachment, and we saw the chairman of the Committee on Rules take appropriate and good action in the best spirit of bipartisanship. We saw the chairman of the Committee on Banking and Financial Services reach out and create a task force to work on this bill. We have seen the ranking member of the full committee and the ranking member of the subcommittee on our side go through extra efforts to make certain that the task force was made up of all people and all issues and interest groups in the committee.

We took it through the process of the committee. And although this is a contentious issue and was in the beginning because some people felt there had to be winners and losers, as my friend, and now he is my friend, the gentleman from Ohio (Mr. LATOURETTE), just said, there are not any winners and losers here; it is just good, solid legislation by a House of Representatives that on April 1, April Fools Day, are going to prove they are not fools, that they are real legislators on both sides of the aisle. This is one of our finest hours, in my opinion.

What this bill covers, we have heard all the discussion. It stops bleeding that would have killed the credit union movement in this country. It creates a framework under which they can exist and continue to grow and serve their membership and serve America. It does not unfairly compete with other financial institutions in our system but allows consumers free choice and protection.

Most importantly, it reaches out to the new jobs and new businesses of small business that they, too, could be credit union members. It does for 70 million Americans something that, if this action were not taken today, would have been a death knell for their interests and their movement.

It has 207 bipartisan sponsors on the Republican side of the aisle, on the Democratic side of the aisle. It has brought together the support of consumers groups across America, the Consumer Federation of America and Consumers Union. It will maintain the existence and growth of the credit union movement and will not unduly interfere with the banks in any way.

Mr. Speaker, in the spirit of bipartisanship today, I want to thank everybody that has taken part, particularly my new and great friend, the gentleman from Ohio (Mr. LATOURETTE), for this year comes to an end when we can send through the House of Representatives one of our most responsible financial services legislation, send it on to the Senate with the finest recommendation, and recommend to the President of the United States that he signs into law this resolution as soon as possible.

Mr. LEACH. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. SOLOMON), the distinguished chairman of the Committee on Rules, who has been a staunch and consistent supporter of the credit union movement.

Mr. SOLOMON. Mr. Speaker, rising in support of this legislation, let me heap praise on the sponsor, the gentleman from Ohio (Mr. LATOURETTE), for his counsel in introducing and dragging and pulling this legislation to the floor today. Many people in the very beginning said it could not be done, and my colleague did it with perseverance.

And I commend the gentleman from Iowa (Mr. LEACH), chairman of the committee, and, of course, my good friend, the gentleman from Pennsylvania (Mr. KANJORSKI), because they also were strong supporters of this legislation.

From the very beginning, Mr. Speaker, I always believed that a nation in the private sector and government at all levels must do all they can to encourage increased savings by the American people; and credit unions are a viable, dependable, and stable financial group that contribute so much to the

economy, the health of our country and its people in making it easier for the American people to save and invest. And that is what keeps this economy chugging along.

Credit unions are oriented to people rather than profits. We should always keep that in mind. The average credit union is small, just $23 million in assets, less than a tenth the size of the average bank. That is less than the single largest U.S. bank, all of the credit unions together, less than the single largest U.S. banking company.

Mr. Speaker, this is a battle between rich bankers and working Americans. America's banking institutions are waging a war against credit unions, and let us not ever forget it, and let us not cover it up on this floor. These banks want credit unions out, including my good friends, the bankers in Glens Falls, New York.

Both in court and in Congress, banks are trying to stamp out credit union competition and deny millions of American consumers access to affordable credit union financial services. This bill addresses the critically important question of credit union membership, which has already been outlined by the gentleman that spoke before me.

Mr. Speaker, in my congressional district in upstate New York, there are 200,000 credit union members; and there are an average of 163,000 credit union members in every congressional district in America.

Mr. Speaker, credit union members are so worried about this legislation because they are the owners themselves; and that is why they are there, to serve the people.

I thank the gentleman for yielding me the time. Let us pass this legislation and get it over to the Senate.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from Michigan (Mr. BONIOR), the distinguished Democratic Whip.

Mr. BONIOR. Mr. Speaker, the word ''love'' I reserve for very special occasions. I love my wife. I love my children. I love my family. I love my colleagues. But I am here this afternoon to say that I love my credit union.

And the reason I love my credit union is because, of all the financial institutions or all the business institutions that I have had to deal with in my life, the credit union has provided me with the best service at the fairest rate within the sense of community. And the reason it will do so well on this floor today is because it provides that kind of service.

I got my washing machine, my dryer, my car, my kids' education all from my credit union. And they did it with style, they will did it with grace, they did it with good rates, and they did it within the sense of community, as I said.

I want to commend my colleagues, the gentleman from New York (Mr. LAFALCE), the gentleman from Iowa (Mr. LEACH), the gentleman from Ohio (Mr. LATOURETTE), and the gentleman from Pennsylvania (Mr. KANJORSKI), for taking the lead on this.

This is a very good bill. It is a responsible bill. It has updated the law that relates to credit unions, which has not been updated for almost 50 years now; and it does it in a way that will allow credit unions to continue to grow and will not jeopardize the 70 million members who would be jeopardized by the Supreme Court ruling, the narrow Supreme Court ruling that we had come down recently.

Mr. LEACH. Mr. Speaker, I yield 2 minutes to our distinguished colleague, the gentleman from Texas (Mr. PAUL).

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. Mr. Speaker, I thank the chairman for yielding me the time.

I am an original cosponsor of 1151. But the original bill never came to the committee. It was quickly substituted with another bill, which I think is seriously weakened from the original bill that we had. So I would like to let all those 207 Members who are cosponsors that are not voting on the bill that they signed their name onto know that there are two major changes that have occurred.

One is that the multiple common-bond position of 1151 has been removed. Now it is restrictive. And the other thing is there has been a lot of regulations added, and I think that we should consider long-term economic consequences and political consequences of opening up the door to regulations and also what it means down the road as far as insurance goes.

For instance, it was bragged upon, the bill was bragged upon because the regulations of safety and soundness was good. We have had a lot of regulation, for safety and soundness for banks and savings and loan, and yet the FDIC and FSLIC had to be bailed out. The insurance deposit for credit unions was started by private money, no government subsidies, and has never been bailed out. So now we are going to overlook the credit unions and make sure they are safer and sound.

I think it is the wrong direction that we are going. I think the whole notion that we are going to have the Community Reinvestment Act applied to the credit unions is going in the wrong direction. This is a form of credit allocation and, actually, long term, will weaken the credit unions.

I would like to speak up for the credit unions and say this bill has been weakened to such a degree that they have opened up the doors, and down the road they are going to be treated like the banks, and down the road they will probably receive the taxation that banks have.

I resent the idea that the competitors and the small banks, who do not like the competition of the credit unions, they say, well, let us tax them and regulate them. So, in a way, we have accommodated the banks by adding the regulations onto the credit unions.

I do not think this is going in the right direction, and we should seriously consider a no vote on this legislation.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me the time.

Let me begin by doing something that I very rarely do, and that is concur with the remarks of my friend, the gentleman from New York (Mr. SOLOMON). We should not be naive and not understand that the largest banks in this country have done everything that they could to prevent the passage of this legislation.

Mr. Speaker, as an original cosponsor of H.R. 1151, I am proud to be on the floor to offer my strong support for this legislation and for its passage today. At a time of increasing bank fees, increasing ATM fees, increasing credit card fees, increasing minimum balance requirements, and the loss of many locally-owned banks to large multi-billion-dollar corporate institutions, credit unions today are more important than they have ever been.

H.R. 1151 will go a long way toward ensuring the long-term viability of credit unions, of allowing credit unions to expand rather than to contract and wither away, which is clearly the goal of many large banks.

Mr. Speaker, I make no apologies for being a strong supporter of credit unions. I want to see credit unions grow. Because they are good for the State of Vermont, and they are good for America. Congress chartered credit unions not only to help people of modest means but to give ordinary Americans a not-for-profit cooperative alternative to for-profit banks.

If we do not act today, the Supreme Court decision would be extremely harmful to tens of thousands of Vermonters and millions of Americans. Let us pass this legislation.

Mr. LEACH. Mr. Speaker, I yield 2 minutes to my wonderful friend and distinguished colleague, the gentleman from New York (Mr. GILMAN), the chairman of the Committee on International Relations.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in strong support of H.R. 1151, the Credit Union Membership Act. I commend the distinguished gentleman from Iowa (Mr. LEACH), chairman of the Committee on Banking and Financial Services; the gentleman from Pennsylvania (Mr. KANJORSKI); the gentleman from New York (Mr. LAFALCE); and the gentleman from Ohio (Mr. LATOURETTE); for their cosponsorship of this important measure.

This legislation was introduced in response to a recent Supreme Court decision where the Court, in a narrow interpretation of the Federal Credit Union Act of 1934, invalidated the International Credit Union Administration's policy permitting multiple-group memberships.

H.R. 1151 redefines the 1934 law to provide for three types of common-bond requirements for Federal credit unions: single common bond, multiple common bond, community credit unions. It also provides regulations pertaining to assets and reserve requirements which will serve as additional protections for our consumers.

We recognize that this bill is not popular with the banking industry, which claims that credit unions have an unfair competitive advantage since they do not pay Federal taxes on their earnings. However, the record discloses that credit unions do not damage banks or cheat taxpayers and provides a worthy service.

Historically, the primary reason behind Federal regulators' support for multi-employer credit unions was to try to prevent individual small credit unions from going under when membership dropped due to corporate downsizing. Had those credit unions failed, the cost of their cleanup would have hit the taxpayers the same way the savings and loans failures hit our Nation.

Mr. Speaker, the simple fact remains that credit unions do play an important role in our Nation's financial environment. They allow consumers the early opportunity to open small accounts without experiencing prohibitive fees or burdensome restrictions.

In closing, let me say that while the Supreme Court may have used a narrow interpretation of this 1934 law in making its recent ruling, Congress does have the constitutional right to change laws, if needed, should it believe the court acted in error; and I believe that is the case today.

Accordingly, I urge my colleagues to join us in supporting this worthy legislation.

□ 1300

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the distinguished freshman gentlewoman from Michigan (Ms. KILPATRICK).

(Ms. KILPATRICK asked and was given permission to revise and extend her remarks.)

Ms. KILPATRICK. Mr. Speaker, it is a privilege to come today in strong support of H.R. 1151. One of the top largest banks is in my district. I support banks. But I also support credit unions and the 300,000 members in my district who are members of the credit union.

I want to commend the gentleman from Iowa (Mr. Leach) and the gentleman from New York (Mr. LAFALCE) and our ranking members. This is the way true legislation should pass and work in this Congress, in a bipartisan way, for the betterment of our American citizens. And this bill just does that.

It is important that as we discuss this bill and as we vote affirmatively for it, that, remember, we are in a large financial market. The world is global. Credit unions account for 2 percent of the financial market, and banks and other securities take care of the rest of it. It is a good bill. H.R. 1151, as was mentioned, is pro-consumer, pro-competition, and I strongly support it.

Mr. LEACH. Mr. Speaker, may I ask how much time is remaining on each side?

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from Iowa (Mr. Leach) has 1½ minutes remaining, and the gentleman from New York (Mr. LAFALCE) has 9 minutes remaining.

Mr. LEACH. Mr. Speaker, this side would like to reserve its time until the conclusion.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania (Mr. KLINK).

(Mr. KLINK asked and was given permission to revise and extend his remarks.)

Mr. KLINK. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, I would like to begin by affiliating myself with the remarks made by my dear colleague, the gentleman from Pennsylvania (Mr. KANJORSKI). Both sides have come together in what is truly a fine moment of bipartisanship and what is really right for the country.

I will tell my colleagues, use our region of the country as an example. Back in the days when the steel industry was booming and the railroads were strong and the manufacturing section was strong, these credit unions were begun for the employees, many times tens of thousands of them who worked in those companies.

We have gone through a kind of a deindustrialization of this Nation. Many of those steel plants and the railroad operations do not even exist anymore, have been severely shrunk down. But other industries have been spawned out.

Really, this bill today, if it is approved by the House, preserves credit union membership for current members, and it is going to preserve the opportunity for membership for many people across Pennsylvania and across other parts of the country which have had to merge and combine in order to survive.

The credit union, as I said before, serve one manufacturer. What we are doing today is clarifying what is a common bond. This is good legislation. This legislation will clarify the law. It will allow multiple common bond groups to join together. It is the right thing to do.

The banks truly have nothing to fear because, as many people here know, 89 percent of the people who belong to credit unions also do business with the banks. So I would recommend an ''aye'' vote.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from California (Mr. FILNER)

Mr. FILNER. Mr. Speaker, I rise today to ask my colleagues, what could be better for this country than a financial institution run and organized by its members, members who feel comfortable saving and investing for their futures at their institution, their credit union.

H.R. 1151 is about guaranteeing choice, choice for consumers who want low cost, higher returns, and convenience. Nonprofit credit unions are mostly employer-sponsored, employee-run. But to be financially viable, each credit union needs about 500 members.

My district is filled with small employers. We need to protect these employers' and these employees' rights to create and participate in credit unions with broader membership bases. Credit unions came into being to provide financial service for the everyday worker. H.R. 1151 ensures that these workers' rights will not be tampered with.

Mr. Speaker, all of the gentlemen in the House who have worked on this have been thanked. I want to thank the thousands and tens of thousands of credit union members around the country who got politically involved, talked to their Congress people, wrote letters to their newspaper, got on the talk shows. The credit union members around this country did an incredible job educating the Members of Congress. That effort will be rewarded with a vote today.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to a previous speaker, the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Speaker, I thank the chairman and the gentleman from New York (Mr. LAFALCE) for yielding me this time.

I just wanted to make a comment because there is some misunderstanding about some of the positions of various organizations. Clearly, the suit that resulted in the Supreme Court decision was a product of the banking associations.

Quite frankly, I think, since the decision, there has been a recognition by the banking organizations to, in fact, look for a remedy to this field of membership issue. I think it would be unfair not to report that they had every intention that there be a grandfathered provision. In fact, without the participation both by the various groups, the coalition of bankers, and credit unions, and others, I do not think we would be where we are today.

So while it is true that they had sought many other changes as is applicable to the charter of credit unions to Federal law, the fact is that they did make a positive contribution.

I know that they have reservations about the bill we are acting on, but nevertheless I think that they were positive participants, certainly in the court case and certainly in the remedy that is being put forth today.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, what a great day for democracy. I thank the ranking member, and I thank the chairman very much for allowing us to have a stand-alone vote on H.R. 1151.

Credit unions represent democracy at work. Credit unions provide its members with higher savings rates, lower loan rates, and less fees. As well, they provide those who have not had access to credit a friendly atmosphere in which to seek credit.

Credit unions were originally chartered to be a kind of economic ballast for working people. This H.R. 1151 does provide constraints; we accept that. It provides choices; we accept that. But at the same time, it gives opportunity to more than 70 million people in America to belong to their credit unions and allows them to grow.

Yes, this legislation also provides that credit unions will not discriminate against loans to low and modest income members. It makes everyone a part of the family. This legislation allows us to work alongside of our banking friends in the banking industry and to ensure that credit unions are, in fact, part of the financial structure of America.

I support H.R. 1151. Let us vote for it. Let us vote for democracy.

Mr. Chairman, I rise to support the Credit Union Membership Access Act under suspension of the rules today. A Houston entrepreneur, has written to say that ''As a business owner, I consider credit union membership to be one of the most important benefits that I offer my employees.'' Moreover, I have received numerous letters stating that supporting H.R. 1151 means preserving consumers' freedom to choose where they borrow money or invest their savings. Credit unions are critical to ordinary Americans, and I am proud to be a member of the Congressional Federal Credit Union.

H.R. 1151 represents landmark legislation for federal credit unions and for their members. I am pleased to say that I have been a cosponsor of the Credit Union Membership Access Act, sponsored by Representatives STEVEN LATOURETTE and PAUL KANJORSKI, since July of 1997. Total cosponsorship of H.R. 1151 now stands at 206, including the Speaker of the House and Chairman of the Rules Committee.

Today, we are setting a good example of policy-making by separating H.R. 1151 from the financial services overhaul plan (H.R. 10). I feel I can speak for many members of this body when I say that the two pieces of legislation deserve to be considered separately. In short, H.R. 1151 is significant legislation to all credit unions, and it is proper that we treat it as a ''stand-alone'' bill.

It has been said that credit unions represent democracy at work. Credit Unions are about people helping people. Credit unions are present in every neighborhood in America. In the 18th Congressional District of Texas, there are over 328,000 individuals who belong to credit unions. These figures are a powerful reminder of the work we have laid out before us today. Above all, credit unions are not-for-profit institutions, built by the American people themselves. Credit unions must be preserved.

Indeed, credit union members benefit by receiving higher savings rates, lower loan rates and less fees on financial transactions than if they did business with a bank. However, bankers across the country, both large and small, have enjoyed record growth and profits. Collectively they grew by $300 billion in 1997 alone. The credit union industry's total assets were only $350 billion by comparison.

Credit unions were originally chartered to be a kind of economic ballast for working class people, as well as for persons with modest to low incomes. Preserving our constituents' rights to participate in a credit union of their choice is in keeping with a long tradition of American history.

The current dispute evolved from a policy adopted in 1982 by the federal regulator for credit unions, the National Credit Union Administration (NCUA). In 1982, the NCUA issued an interpretive ruling and policy statement which provided flexibility to the field of membership requirements for federal credit unions (FCU). Credit union charters are granted on the basis of a ''common bond.'' The common bond for establishing a credit union may be occupational, associational, or community. This requirement (found in the Federal Credit Union Act of 1934) determines the field of membership and is unique among depository financial institutions.

The NCUA's interpretation permitted membership in a company's credit union could allow another company's to join its credit union, but only if the potential number of new credit union members did not exceed 3,000.

In other words, H.R. 1151 virtually codifies the 1982 National Credit Union Association's (NCUA) interpretive ruling and policy statement which provided flexibility to the field of membership requirements for federal credit unions (FCU). The NCUA's interpretation permits membership in a FCU to consist of more than one distinct group so long as each group has its own ''common bond,'' plus only a group with fewer than 3,000 members shall be eligible to be included in the field of membership of a credit union.

The bill also would prevent credit unions from discriminating when considering loans to low- and modest-income members, a provision similar to the Community Reinvestment Act of 1977 which applies banks and savings institutions. In addition, credit unions would be required to meet many of the ''safety and soundness'' capital requirements as banks. The bill would also require the Federal Reserve to pay interest on the ''sterile reserves'' banks are required to keep at the Fed. I believe we can still continue to work with our banks on these issues.

Mr. Chairman, I urge my colleagues to stand up for the FCU to consist of more than one distinct group so long as each group has its own common bond. The NCUA's action was taken in response to changing economic conditions and as part of an industry commitment to meet the needs of individuals seeking credit union service.

In 1990, the American Bankers Association and several small North Carolina banks filed a lawsuit contesting the NCUA's approval of multiple group field of membership expansion for the AT&T Family Federal Credit Union. In July 1996, The U.S. Court of Appeals for D.C. overturned a lower court's decision and ruled that ''all members of a federal credit union must share one common bond.'' Currently, under the terms of several subsequent orders, FCUs cannot add new groups to their fields of membership but the institutions are permitted to enroll new members into those established groups already being served. The U.S. Supreme Court decided to take up the credit union case in February. An opinion was rendered on February 25, 1998 that seemed to favor the banking industry.

In an attempt to protect the interests of credit unions, the Credit Union Membership Access Act (H.R. 1151) was introduced March 20, 1997, with an additional sixteen original cosponsors. The bill's aim is to make clear that credit unions may serve multiple customers; H.R. 1151 is distinctly about consumer choice. In its original version, H.R. 1151 amended the Federal Credit Union Act to say ''the membership of any Federal credit union shall be limited to 1 or more groups each of which have (within such group) a common bond.''

Today, more than 70 million Americans belong to credit unions, and industry officials have estimated that the Supreme Court's decision will jeopardize 20 million of them. The legislation the committee approved last week would allow all 20 million members to keep their accounts, but it would set limits on credit union expansion. For instance, one freedom and consumer choice of 70 million Americans. I urge my colleagues to support H.R. 1151, the Credit Union Membership Access Act.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume. I am shortly going to yield back the balance of my time. Before I do, I just want to say some closing remarks.

Again, it has been a pleasure working with the Chairman and the Members from both sides of the aisle. The staff that really worked as one staff in crafting this bill, is something we did on the IMF bill also. It is something that I hope we can do in the next several weeks and months on financial modernization. I look forward to doing that in a very similar collegial fashion.

With respect to credit unions, I am proud to be a member of a credit union and a thrift and a bank and some securities accounts, et cetera, and have some insurance accounts also. These are all wonderful approaches to financial services. We need to enhance competition, and we need to protect and promote consumer interests in all financial services legislation.

Within the confines of the credit union bill, we have to preserve the best of the past going forward into the future. I think that is what we have done in this bill.

Credit unions are very, very special. They are usually relatively small. They are a place where we should know just about everybody. So they are confined, generally speaking, to a rather local area. Everybody who is a member is usually in close proximity to everyone else. It is where we and people with whom we have a common bond can save. It is where we can go for the basic essentials of life, the purchase of a home, a small loan, a loan for a car,

leasing, financing, et cetera. This bill preserves the integrity of the credit union concept.

Mr. VENTO. Mr. Speaker, will the gentleman yield to me?

Mr. LAFALCE. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Speaker, I appreciate the gentleman yielding. I came from a credit union family. My father ran a credit union. But, nevertheless, I understand their role in terms of they fill a very special place.

I was glad the gentleman mentioned the financial modernization. I want to recognize the leadership, first of all, for pulling the rule off the floor and preventing any polarization with regard to that important issue. Many of us have worked on it for a decade. As I said to my chairman and chairwoman, its demise, its death is greatly exaggerated. I think after Easter, those of us that claim a Christian affiliation do believe in resurrection, and we hope that we can vote on it.

I am pleased that the leadership saw fit to give us the opportunity to vote on this important bill today, and want to publicly and on the floor thank the leadership for that and for the gentleman from Iowa (Mr. LEACH) and others that have gone ahead with this.

I think it is important that Members be able to record a vote in favor of this. And I thank the gentleman from New York (Mr. LAFALCE), the ranking member and my friend, for yielding.

Mr. LAFALCE. Mr. Speaker, I see that the gentleman from New York (Mr. SOLOMON), the distinguished chairman of the House Committee on Rules, has returned to the floor on this important bill. And I look forward to working with the chairman on financial modernization.

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

Mr. LEACH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first, let me thank my two good friends for their thoughtful words. As chairman of the Committee on Banking and Financial Services, I support a strong and competitive financial service sector. We need solid and viable banks, solid and viable saving and loans, insurance companies, mutual funds, securities firms, and credit unions.

What is best for the American people is competition, choice. This bill ensures a stable future for a solid industry, one that deserves our respect because it has served the public so well.

In huge letters in the basement of a credit union in Iowa City, Iowa is a quote from one of my State's heroes, a man a named Nile Kinnick. It was 3 years after Nile Kinnick won the Heisman Trophy in the few days before his death in World War II as a pilot that he wrote a letter home in which he said ''people must come before profits.''

That is what the credit union movement is all about. That is why I believe this House, despite angst from competitors, is obligated to give the benefit of doubt to the credit union movement. I would urge all my colleagues to support this bill.

Mr. KENNEDY of Massachusetts. Mr. Speaker, I would like to take this opportunity to support H.R. 1151, the ''Credit Union Membership Access Act.''

I have long been a strong supporter of credit unions. Credit unions are an important alternative source of credit in our diverse financial marketplace. Credit unions also represent the concept of voluntary, non-profit membership.

This legislation resolves an ambiguity in credit union membership rights that has been raised by the recent Supreme Court decision. We need to act quickly to resolve this ambiguity.

At the same time, this legislation seeks to address important questions of competitive balance and fairness between credit unions on the one hand and banks and thrifts on the other.

I particularly want to take this opportunity to talk about an important provision in H.R. 1151—the provision setting out credit union community reinvestment obligations. With the enactment of this provision, we will be reaffirming an important principle: a financial institution which enjoys the benefits of federal deposit insurance has an affirmative obligation to meet the credit needs of the entire community or field of membership which it is chartered to serve, including neighborhoods and individuals of low- and moderate-income. With the enactment of H.R. 1151 in its current form, we will be extending this obligation, currently imposed on federally insured banks and thrifts, to federally insured credit unions.

Specifically, H.R. 1151 requires all credit unions nationwide to provide affordable services to all individuals, including ''low- and moderate-income individuals'', within their field of membership. It further requires all credit unions organized on the basis of community, neighborhood, or rural district to meet the credit and service needs of the entire community which they are chartered to serve.

As with the implementation of the Community Reinvestment Act for banks and thrifts, the bill requires the credit union regulator, the NCUA, to evaluate credit unions in meeting these obligations, and requires the public release of those evaluations. Finally, the bill requires the NCUA to take remedial action against credit unions which fail to meet these obligations.

A community reinvestment requirement for banks and thrifts has been in effect since the passage of the CRA law in 1977. Despite early concerns by the banks, CRA has proven to be a tremendous success. To date, banks have made CRA commitments of $400 billion in low-income and minority neighborhoods.

So many of the banks which originally opposed CRA now support it, recognizing that low-income lending can be a new source of profits. And, the banking regulators acknowledge that community lending does not negatively affect safety and soundness.

During the course of debate and markup on H.R. 1151, it was debated whether a community reinvestment standard was necessary for credit unions, since by definition they are chartered to serve their members. While it is true that the majority of credit unions ably and responsibly serve low-income and minority members, there was also committee testimony that some credit unions did not have such a sterling record.

The great benefit of requiring the credit union regulator to evaluate credit unions' record of community reinvestment is that we will no longer have to guess which credit unions are and which are not serving the credit and service needs of their entire field of membership. Credit unions which are meeting those needs will have no problem with this requirement. Those that are not merit the scrutiny that this provision will give.

A community reinvestment standard for credit unions has been in existence for 16 years in Massachusetts. The record there is that such a standard is both necessary and effective. CRA exams for Massachusetts credit unions have demonstrated that there were a number of institutions that did not have a good record. However, over time, with the scrutiny of this process, the community lending record of Massachusetts credit unions has improved. Quite simply, this requirement works.

Now, it is time to extend this requirement nationally to all federally insured credit unions. As we move into conference with the Senate, I urge members to support the community reinvestment provisions in H.R. 1151, and to fight the efforts of the enemies of community reinvestment who may try to strip out or water down these provisions.

I urge adoption of H.R. 1151 in its present form.

Mr. PAUL. Mr. Speaker, since I was the first one in this Congress to step forward and introduce legislation affirming the NCUA's position allowing multiple common bonds for credit unions and signed on as a cosponsor of H.R. 1151 as originally written, I feel that I am in a disagreement among friends. I must oppose this bill because of the new regulations it imposes on credit unions and does nothing to address the legitimate concerns of the banks.

While I strongly support the expansion of the field of membership for credit unions, the new regulations imposed upon them demonstrate a decision to follow the wrong path to ''level the playing field'' with banks and other financial institutions. A better approach would have been to lead the congress towards less taxes and less regulation. H.R. 1151, The Credit Union Membership Access Act, as amended by the committee, follows a path of more regulations and leads toward higher taxes on credit unions while the Financial Freedom Act, H.R. 1121, which I introduced a year ago, lowers taxes and regulations on banks. While H.R. 1151 does not impose new, direct taxes on credit unions, I fear that that day is just around the corner.

The NCUSIF was the only deposit insurance fund started without any federal seed money and the credit unions never came to Washington for a taxpayer-funded bailout. In fact, allowing multiple common bonds for credit unions enhanced their safety and soundness. This bill will add new ''safety and soundness'' and CRA-like regulations on credit unions. These regulations will add a burdensome regulatory cost. This cost will be passed on to the consumer in the form of higher fees, higher interest rates and less service. It is the marginal consumer who will lose the most when this bill becomes law.

The estimated, aggregate cost of bank regulation (noninterest expenses) on commercial banks was $125.9 billion in 1991, according to The Cost of Bank Regulation: A Review of the

Evidence, Board of Governors of the Federal Reserve System (Staff Study 171 by Gregory Elliehausen, April 1998). It reports that studies estimate that this figure amounts to 12 percent to 13 percent of noninterest expenses. These estimates only include a fraction of the ''most burdensome'' regulations that govern the industry, it adds, ''The total cost of all regulations can only be larger.''

These regulations, under which the credit unions will now suffer a greater burden with the passage of this bill, impose a disproportionate burden on smaller institutions. These increased, and unfairly imposed, regulations will stifle the possibility of new entrants into the financial sector and contribute to a consolidation and fewer market participants of the industry. As the introduction of new entrants into the market becomes more costly, smaller institutions will face a marginally increased burden and will be more likely to consolidate. ''The basic conclusion is similar for all of the studies of economies of scale: Average compliance costs for regulations are substantially greater for banks at low levels of output than for banks at moderate or high levels of output,'' the Staff Study concludes.

Smaller banks face the highest compliance cost in relation to total assets, equity capital and net income before taxes, reveals Regulatory Burden: The Cost to Community Banks, a study prepared for the Independent Bankers Association of America by Grant Thornton, January 1993. CRA compliance costs for small banks was $1 billion and 14.4 million employee hours in 1991. For each $1 million in assets, banks under $30 million in assets incur almost three times the compliance cost of banks between $30–65 million in assets. This regulation almost quadruples costs on smaller institutions to almost four times when compared to banks over $65 million in assets. These findings are consistent for both equity capital and net income measurements, according to the report.

The IBAA study identifies the Community Reinvestment Act as the most burdensome regulation with the estimated cost of complying with CRA exceeding the next most burdensome regulation by approximately $448 million or 77%. Respondents to the IBAA study rated the CRA as the least beneficial and useful of the thirteen regulatory areas surveyed. In short, this bill takes the most costly and least beneficial and useful regulation on banks and adds a similar, new regulation on credit unions. Reducing the most costly, and least beneficial and useful regulation on the banks would have been a better approach.

In addition to all of the problems associated with the obligations and requirements that the government regulations impose on the productive, private sectors of the economy, the regulations amount to a government credit allocation scheme. As Ludwig von Mises explained well in the Theory of Money and Credit in 1912, governmental credit allocation is a misdirection of credit which leads to malinvestment and contributes to an artificial boom and bust cycle. Nobel laureate Frederick A. Hayek and Murray Rothbard expounded on this idea.

The unintended consequences of the passage of this bill, as written, will be to stifle the formation on new credit unions, consolidate current credit unions into larger ones better able to internalize the cost of the additional regulations, and lower productivity and economic growth due to the misallocation of credit. This increased burden must ultimately be passed on to the consumer. The increased costs on credit unions this bill imposes will lead to a reduction of access to credit unions, higher fees and higher rates. These provisions are anti-consumer. The marginal consumers, those who currently can only receive a loan from a credit union without the burden of CRA, are the ones who will suffer under the provision of this bill. I hope that the bill can be improved as the process continues and lead to less regulations and other taxes on banks rather than more regulations and other taxes on credit unions.

Mr. ABERCROMBIE. Mr. Speaker, I rise in support of H.R. 1151, the Credit Union Membership Access Act, and I urge my colleagues to vote in favor of the bill today.

Development of this bill is the product of long and hard work, not only by the House Committee on Banking which has brought the bill to the House floor, but by millions of individual members of credit unions across the country who let Congress know of the importance of the Supreme Court decision on this matter earlier, and of the need to move H.R. 1511 as a result of that decision.

The legislation we are considering today is a compromise that ends a dispute largely between credit unions and the nation's banks. Federal regulators had interpreted federal law to allow multiple common bond memberships, and one result was a rapid increase in credit union membership. The increase in credit union membership came at a time when there was an expansion in the scope and type of services they had traditionally provided members, resulting in competition with commercial banks, thrift institutions and other financial services. Congress is now in the process of redefining the nature of all financial institutions so it is timely that we make a specific decision on the nature and scope of credit unions and the services they provide. And I believe enactment is H.R. 1151 is essential for competition with the new types of financial institutions now becoming a reality with the distinctions ending between banks, insurance firms, securities and commercial businesses. This bill is about making sure consumers have a choice, today and in the future.

With a population of 1.3 million people, Hawaii has more than 550,000 credit union members in 113 affiliated credit unions. Hawaii's traditional cultural values have resulted in one of the strongest credit union movements in America. Many first generation immigrants brought with them a system called tanomoshi. Workers and families in sugar cane and pineapple plantations in Hawaii pooled savings from which loans were provided for emergencies or more often for one family to start a business. When the business prospered, the funds would be repaid to the group and it would revolve to another family. In this way, much of the business, middle class in Hawaii developed from its plantation agriculture economy. The reality is that we had credit unions in Hawaii long before the mainland. It was simply called tanomoshi instead of credit unions. This is a grass-roots democratic movement built on the foundation of self-help and group identity.

H.R. 1151 allows current credit union members to continue their membership. New membership groups must have less than 3,000 common bond members at the time of joining, and groups will be within reasonable proximity to the credit union. However, there are circumstances when even these restrictions can be waived. It is important to credit union members as well as to their competitors that depositor insurance provisions be strengthened under the bill. It would also require that ''persons of modest means'' within each credit union membership field be served.

Mr. Speaker, I believe H.R. 1151 is a solid, reasonable and responsible compromise. We must have a healthy and vigorous credit union movement in the 21st Century to meet the needs of individuals as well as the need of the nation for a diverse, competitive financial industry.

Ms. KILPATRICK. Mr. Speaker, I rise today in strong support of H.R. 1151, the Credit Union Membership Access Act. This bill would overturn the February 25, 1998 decision rendered by the Supreme Court in the National Credit Union Administration v. First National Bank and Trust, a decision that would have severely restricted the ability of credit unions to grow and expand. In essence, the Supreme Court said that the National Credit Union Administration (NCUA) illegally allowed credit unions to expand beyond their original base of membership. His legislation allows credit union members who were added under NCUA's policy to remain with their credit union, and expounds upon the definition of ''common bond.'' This bill is a victory for poor people, for low-income families, for working-class people, and for consumers. I would also like to add that I am greatly pleased that the collective wisdom of the Congress prevailed in deleting this legislation from the larger, sweeping omnibus financial services reauthorization bill yesterday. We can all say, in a truly bi-partisan manner, that we are finally getting to the work that truly matters to American taxpayers throughout our great nation.

Of course, I support the banks in the 15th Congressional District and in our nation. I also support our credit unions, and I have been a member of a credit union for a long, long time. Banks and credit unions have operated side-by-side since the first credit union was founded in Manchester, New Hampshire in 1909. In our nation, we have over 12,000 credit unions serving over 70 million people. Close to 300,000 members of credit unions reside in my Congressional District. Credit unions are nonprofit, cooperative financial institutions owned and run by its members. These democratically controlled organizations provide their members with a safe place to save and borrow at reasonable rates. In order to become a member of a credit union, you must be eligible for membership. This legislation will allow each individual credit union to continue to decide whom it will serve.

A recent article in The Washington Post compared recent fees among several areas banks and one credit union. In practically every instance, the credit union's fee, rates or borrowing terms

were more favorable to those of banks. In this era of bank consolidation and fewer bank branch offices, community development credit unions fill a special void. These credit unions primarily serve low-income members in distressed and financially underserved areas, and help fill the financial needs and dreams of poor and working-class people and families.

Again, I want to applaud the hard work of Chairman Jim Leach and my leader, Ranking Minority Member John LaFalce, for their dedication and effort in getting this bill to the floor under a fair and truly bi-partisan manner. This legislation illustrates what Congress can do if Members have the opportunity to work in a truly fair, just and bi-partisan manner. As we move toward the next millennium and a global economy, banks and credit unions will have no choice but to work together to ensure the fiscal health of all of our constituents, businesses, and corporations, and I look forward to working with credit unions and banks to that very goal. Thank you for your time.

Mr. KUCINICH. Mr. Speaker, I was happy today to cast my vote for H.R. 1151, the Credit Union Membership Access Act. I was happier still that the majority of the House of Representatives voted for H.R. 1151 as well.

Credit unions are the banks of working people: Credit unions do not charge exorbitant bank fees; they do not have excessive account minimums. They make low interest loans, mainly to their members in the communities in which they live. Credit unions are run by their members, who have a voice in the operation and policies of their credit union.

Small businesses depend on credit unions for those reasons because offering credit union membership as a benefit to prospective employees is a benefit that workers value.

Credit unions are very small compared with banks. The average credit union has less than $28 million in assets—less than 1/16th the assets of the average bank. The two largest U.S. banks (Chase and Citibank) combined have more assets than all 12,047 credit unions combined. Furthermore, banks today control nearly every dollar in savings (93 percent) and in loans (94 percent) in the United States. With nearly complete market dominance, banks have also chalked up record profits in recent years, posting an all-time record last year of $52 billion, much of which is due to the many new fees they are charging small consumers.

But the banks were not satisfied, and in spite of their overwhelming market dominance and record profits, they lobbied to squash credit unions. In view of their power, it is historically significant that Congress did not serve today as a handmaiden to market power—credit unions and their 70 million members prevailed. So did an important, if embattled, democratic tradition in America—the non-profit, member-run and member-controlled financial institution.

Mr. CUNNINGHAM. Mr. Speaker, I rise in support of the Credit Union Membership Access Act (H.R. 1151). This legislation will reverse the February 25, 1998, Supreme Court ruling (AT&T Family Federal Credit Union et al. v. First National Bank & Trust Co.) which sent shockwaves through this Nation's 70 million credit union members.

That decision threatened the future and financial safety of our Nation's credit unions. The 51st District in California, which I represent, is served by more than 230 different credit unions with more than 305,000 members. By passing this legislation, we will ensure that not a single credit union member will lose their choice of financial service provider.

This legislation affirms the commitment of this Republican Congress to keep a healthy, competitive financial service industry in America. I call on all my colleagues to join me in support of credit union members and to vote for H.R. 1151.

Mr. WALSH. Mr. Speaker, I rise today in strong support of H.R. 1151, the Credit Union Membership Access Act. I am proud to have been an original cosponsor of this important legislation.

My vote is a continuation of longstanding personal backing for credit unions in general. I believe they provide an invaluable service to working men and women—a service which is both convenient and comfortable.

Credit unions are familiar places which in many cases don't offer a full range of banking services but nevertheless do provide basic financial assistance—whether it be pocket money or a small unsecured loan.

After the U.S. Court of Appeals for the District of Columbia overturned a credit union decision in July of 1996, many of us in Congress realized the need for legislation to protect credit union members. Today's vote is the culmination of our efforts.

By passing this legislation, we allow Americans to choose the institution in which they put their money. By promoting continued operation of credit unions in a sound and reasonable manner, we spur competition and encourage savings. By supporting credit unions in this manner, we demonstrate our faith in the wisdom of working people.

On behalf of my constituents in Central New York who will benefit from this consumer protection law, I want to thank the House for today's passage.

Ms. WATERS. Mr. Speaker, there has been much discussion recently about credit unions. I submit for the RECORD recent remarks by Norman D'Amours, the chairman of the National Credit Union Administration, in which he discusses the proper role of the credit union movement.

THE FUTURE OF CREDIT UNIONISM

(By Normal E. D'Amours)

Good morning. It is always a pleasure and an honor to appear before so many dedicated credit union movement representatives. I thank Chairman Buck Levins and President Dan Mica and all of you for the opportunity to do so.

It is also a pleasure to report that once again credit unions had an outstanding year and their financial performance continues to be magnificent.

Both the NCUA and credit unions were closely examined by the U.S. Treasury Department last year and both emerged with their colors flying high. You can all be very proud of the success, strength, and safety of credit unions across the country.

Although all of the statistical measurements are very positive and highly encouraging, we do face some serious challenges. For instance, you have heard much importuning from NCUA and others about the critical need to become Year 2000 compliant. It is difficult to overstate the importance of this issue and it requires our maximum attention. It is also difficult to overstate the importance of successfully responding to the bankers' attacks on our field of membership policies. You have heard, and will continue to hear, extensive discussions of these problems from me and others.

But today, I want to talk about what I think is a more serious problem facing credit unions. It is more serious because it affects your ability to maintain the essential character of credit unionism in the United States of America. In my view, credit unionism in the U.S. seems to be drifting toward becoming a not-for-profit banking sector. We have seen this happen in other countries where credit unions have become little more than member-controlled financial institutions. Institutions that are virtually indistinguishable from mutual banks.

Some in the credit union movement have advised me that this drift toward a banklike structure has already gone too far to be stopped. I don't believe that. It is not too late to stop this drift, but it will not be easy to do so. Changing course will require an honest acknowledgement of the problem. Stubborn denial serves no productive purpose. A thoughful decision is needed.

I believe credit unions of all sizes and of differing memberships need to decide whether they wish to remain involved in the historical, philosophical and statutory mission of reaching out to people of small means. Whatever their own size, structure or membership characteristics, credit unions need to decide whether they wish to remain involved in the cooperative effort to reach out to empower the economically underserved. Indeed, whether they wish to continue operating in a cooperative atmosphere.

It does not appear that these questions are being sufficiently acknowledged, debated, or discussed in the grassroots credit union movement. And in my view, it is unlikely that will happen until credit union volunteers reclaim their historic responsibilities and unambiguously reassert their role as full participants in the setting of credit union policy. Unpaid volunteers must demand a stronger voice in setting the direction of the credit union movement. This is necessary because in some instances professionals have taken a command of the movement that has effectively usurped the role that was intended for volunteers.

The founders of this movement thought it absolutely essential that unpaid volunteers should set the tone. Friedrich Raiffeisen believed that volunteerism constituted ''. . . one of the most important principles observed by Credit Unions.''

Alphonse Desjardins agreed that the principle of volunteer participation was critical to credit unionism. He worked to spread credit unionism and served his credit union as president without taking any remuneration from the time he organized the credit

union with a handful of dime and dollar deposits until he died in 1920, at which time its assets exceeded $1 million. Edward Filene and Roy Bergengren shared these views of volunteers.

Certainly, no one is suggesting that competent and professional managers are not vital to credit union operations. They surely are. The point is that credit union founders understood the system needed a decision-making function as untainted as possible by self-interest and the drive for profit or personal enrichment. They knew that the course of economic decision-making will necessarily be different if the decision-makers have a financial stake in the outcome, be it profit or pay.

It is surprising to observe how far we've strayed from this principle. While credit union directors are still volunteers who act unselfishly and take their responsibilities to heart, and we thank God for them, it is not uncommon to find professionals in control of policy. This is especially true in the big decision-making processes that affect the overall direction of the national credit union movement. These processes tend to be controlled by some trade group and other professionals with not nearly enough meaningful input from true volunteers.

Let me be clear. I do not intend in any way to demean the importance and value of professionals to credit unions. I know that professionals both in trade groups and in credit unions are crucial to the economic success of credit unions and the movement. I know that thousands of them are as deeply imbued with the wonderful spirit of credit unionism as are volunteers. I've personally met many of them and admired their operations in both large and small credit unions.

But professionals in the credit union world should not dominate policymaking to the virtual exclusion of volunteers. Credit unions deserve a system that includes strong and focused volunteer participation at the national and state decision-making levels. Such participation is needed to help set the system's objectives and help keep it on track. Unfortunately, that is not the way it seems to be working today. Instead, it appears that national or statewide decision-making in the movement today is almost totally professionalized. Just consider that there is not a single true volunteer serving on the CUNA Board, whereas a quota has been reserved to guarantee trade group professionals 25 percent of the membership on that board. When one considers that the credit union movement is overwhelmingly populated by volunteers, one must be amazed not only at this obvious lack of volunteer participation, but also at the failure of the democratic processes that should protect against such representational distortions.

Ruth Witzeling, a long time correspondent for CUNA's Center for Professional Development, said it well a few years ago: ''Volunteers are one of our greatest strengths, one of the greatest and most visible manifestations of how credit unions are different.'' She is right, and the credit union founders were right. And that means it is the responsibility of the volunteers working closely with professionals to bring back into balance the structure of the credit union movement.

More volunteer involvement could mean a greater emphasis on the social mission of credit unions. It is amazing how much subtle and not so subtle resistance can be provoked in certain quarters simply by pointing out the social mission to which credit unions were dedicated by their founders, their history, and by federal statute. There should be no resistance to this defining principle.

Indeed, the fact is that credit unions are successfully doing exactly that sort of work today. Although for some reason they are not bragging about it nearly as much as they should.

Alphonse Desjardins warned his contemporaries against ''the error of thinking and doing only dry business, forgetting the most important . . . social and educational aspect of credit unions.'' Edward Filene and Roy Bergengren also stressed the importance of the social mission of credit unions. Clearly these founders had something in mind beyond providing the best high tech financial system available and earning good salaries for themselves. And it was this core belief that found expression in the Federal Credit Union Act's reference to serving ''people of small means.''

I know from experience that a credit union regulator who speaks out about this social mission of credit unions will be criticized by some in the movement for going beyond the narrow concern of the safety and soundness of credit unions. Of course, such criticisms conveniently overlook the fact that credit unions, by statutory directive, have a specific social mandate to serve people of small means. To go beyond what Desjardins called ''dry business.''

And isn't it strange that while such attitudes exist within the credit union system, we hear the Comptroller of the Currency, leaders at the Federal Reserve System, and others in the banking world urging their constituents to become more active in serving inner cities and the underserved? Yet I am not aware that the banking sector has criticized their regulators for such importuning comments. And remember those regulators do not have the statutory social mandate that Congress has imposed upon the NCUA.

It is regrettable that credit unions and their trade groups are frequently not perceived as being in the leadership of modern efforts to empower those who are financially underserved. Isn't that the function of credit unions? Why do some credit union people seem unwilling to warmly embrace this social element of credit union philosophy?

I know that most of you are accomplishing that social mission. You are and you should be very proud of that. But there is much more that could be done by the credit union movement to reach out to the people who are financially underserved in order to help them bring themselves into the financial mainstream. It is not enough to demonize and attack bankers for their fees or for a lack of commitment to the underserved. It is what credit unions are doing that should be stressed, not what others are not doing.

If credit unions lose sight of their social mission they will become indistinguishable from the not-for-profit banking sector. And that will cause credit unions to lose the support they now receive from consumer groups, from the U.S. Congress, and from the American public. That will, in time, bring about taxation and bank-like regulation which will further accelerate their transmutation into not-for-profit banks.

If the credit union movement wishes to intentionally become more bank-like, more free market competitive, and down play its social mission, that is a course it has a right to take. A not-for-profit member owned banking system has a value that is well worth defending. But that decision should be a consciously deliberated one. It should not be the product of drift. In a truly democratic movement, those who disagree with such a course should have an opportunity to say ''no'' even if they are a minority. Those who disagree should have an opportunity to express their opposition to becoming a not-for-profit banking sector.

Nor should anyone hesitate to raise these questions. Over the history of credit unionism, many prominent leaders have worried and spoken out about losing sight of purpose. Alphonse Desjardins, as we have seen, warned about falling into the error of doing only ''dry business.''

Ralph Swoboda, a recent CUNA President who helped launch the renewal process, said that the real threat he saw to the credit union movement ''. . . despite all the rosy numbers and the good growth, [is] the deterioration of commitment to credit union ideals and philosophy.''

Al Williams, who was a good friend of mine and a former beloved chairman of CUNA and whom this conference is honoring, said in a speech only ten years ago that ''Perhaps we've lost sight of our purpose . . . it's time for us to rededicate ourselves to the ideas that created the credit union movement in the first place. We can grow and pile asset upon asset, but if we forget who we are and why we're here, we will have failed.''

One year later in 1989, a 45 year credit union organizer and leader named Donald J. McKinnon said he thought credit unions were headed toward their ''last phase'' because: ''They have not kept purpose constant''.

Some credit union leaders have complained to me that by quoting from our founders and early leaders, as I often do, I tend to freeze us in a horse and buggy financial world. Well the quotes I've just used really aren't ancient history. But I could have gone back nearly 2000 years to the New Testament. In Mark 8:36, it is said ''What shall it profit a man if he gains the whole world yet lose his own soul.'' You simply must not allow credit unionism to lose its soul.

If credit unions do not preserve their social mission of empowerment, what financial sector will be fully committed to giving all of America's citizens a fair chance to meaningfully participate in the American economic system? What financial system will dedicate itself to providing all Americans with a fair chance at becoming the masters of their own economic destinies? What financial institutions will reach out to liberate people of small means from the depressing burdens of unmanageable debt?

And we have another problem today that goes to the soul of credit unionism, our field of membership policies.

Field of membership policies present yet another area where critical choices must be made.

Few would disagree that one of the most vexing problems confronting credit unions today is the rapid expansion of community chartering and the overlapping of occupational and associational credit unions.

The bankers' early success in the At&T Family case and the resulting court injunction have driven this issue to a preeminence that has caused a division both on the NCUA Board and among credit unions. Some would like this question avoided in order to dodge the resulting controversy. That would be a mistake. If this question of overlaps is not thoughtfully resolved, we run a risk of causing serious damage to the basic cooperative nature of credit unionism and accelerating its metamorphosis into a not-for-profit banking system.

I understand and respect that there are some who sincerely believe that competition among credit unions is good for the credit union member and therefore should not be restrained. While there is certainly some validity to that argument, it tends to downplay the fact that credit unions are quintessentially cooperatives. They are cooperatives both in their internal structures and in their inter-credit union operations. Unrestrained competition is by definition the antithesis of cooperation. After all, the legitimate objective of free market competition is to destroy competitors and steal their customers.

Certainly a mild level of competition is not harmful, but unrestrained free market competition among credit unions is destructive and might encourage predatory practices. That would make it very difficult if not impossible for credit unions large or small to maintain the trust needed to effectively pool their assets, liquidity, operational skills and expertise. The breakdown of this inter-credit union trust and cooperation and the opening of unrestrained free market competition could especially hurt small and mid-sized credit unions. It could result in the cherry-picking of their more affluent members and a loss of mentoring and other benefits. An important effect of this could be the drying up of the liquidity pools smaller credit unions need access to in order to meet the needs of their members of small means.

And there is yet another vexing question lurking in the background with regard to this issue of overlaps and unrestrained free market competition. If community expansions will permit the capturing of overlapped occupational or associational credit union members on the basis of a member's right to the best level of services available, then why should not charter applications by new or existing occupational or associational credit unions be allowed to identify the exact same membership field as an existing credit union, so long as their purpose is to provide better or more services to the members of the existing credit union? Is that where you want to go? This possibility is not a frivolous one. It is supported by the exact same logic that has recently caused a change in our approach to overlaps. And the NCUA Board has recently been denying exclusionary clauses even when the involved credit unions mutually and voluntarily agree to the exclusionary clause.

If credit union field of membership overlap and exclusionary policies are going to be driven by the single goal of improving the quality and quantity of member services, then we must prepare for a bank-like survival of the fittest culture.

In my view, the key ingredient needed for a proper resolution of these and other issues is a greater involvement by volunteers. The credit union movement has become much too thoroughly professionalized. Much too driven by economic interests and the profit of individuals. Volunteers need to reassert their proper roles and authority.

How can this be done? Clearly, one possible means to that end is through volunteer organization. The object could be to give volunteers an equal voice by creating active, well funded organizations of credit union volunteers at the state and/or national levels. Professionals who believe in the social mission of credit unions and who are willing to work in full partnership with volunteers would be recruited and retained.

Or perhaps true volunteers should insist on having a strong voice on the boards of all credit union trade groups. Any groups or associations of professionals that might exist independently might be required to interface with boards on which volunteers have a strong voice.

Moreover, volunteers should insist on significantly increasing the amount of education and training they have access to. Volunteer education and training has not been given the overall attention it deserves. That maybe the result of volunteers not being sufficiently involved in the decision-making of trade groups that should be better focused on this issue.

Those of you volunteers and professionals who can see over the horizon and who wish to avoid the bank-like destiny that has befallen credit union movements in other countries need to ponder these issues. I raise them today only to stir discussion and collegial cooperative action, not hostility. If the credit union system needs to correct its course, someone must act. These are decisions that should be made thoughtfully and deliberately. Whatever the ultimate fate of credit unions will be, it should be the product of a conscious choice not aimless drift. And volunteers must have an important voice in making that choice.

Your conference theme this year makes clear your belief that the credit union movement has the ability to mold its own future. It is not too late to make the choices that will allow you to keep purpose constant. But the hour of decision is at hand. The right course, I believe, can only be charted with the collective wisdom and a proper partnership of both volunteers and professionals working together.

To do nothing means a continued drift away from your founding principles. How will you choose?

Mr. QUINN. Mr. Speaker, I want to speak today about a great American success story. I am referring to our nation's credit union. Credit unions are far different from banks. Credit unions are democratically owned and primarily engaged in consumer loans. It is this simplicity that is the secret to their success. Credit unions aren't in business to buy banks, or sell insurance, or acquire commercial affiliates. More importantly, credit unions are not-for-profit. All revenues are funneled back into its members in the form of low-cost loans.

I am a very proud sponsor of the Credit Union Membership Access Act. This bill will preserve credit unions in their current status. Credit unions will be able to continue to expand their membership outside the original group, as long as new members share a common bond with each other. This bill will stop the incessant attacks by bankers and protect all current credit union members.

The many differences between credit unions and banks are what make credit unions so valuable. Even bankers admit that there is a certain percentage of the populations that can't be served by banks. Low wage workers often times can't afford high banks fees or loan rates. Without credit unions, these people would be forced to turn to check-cashers, pawnbrokers and loan sharks.

I know that in my district of Buffalo and Western New York, thousands of people rely on credit unions for their financial needs. I have constituents tell me all the time how much they love their credit union. Many claim that they wouldn't have been able to afford their home or the loan to start a new business without their credit union. It is clear to me that credit unions are critically important for thousands of Americans. I urge Congress to continue to allow credit unions to play a role in their lives now and in the future.

Mrs. CAPPS. Mr. Speaker, I rise today in support of HR 1151, the Credit Union Membership Access Act. This bill would overturn a recent Supreme Court decision that would decimate the credit union industry and deprive consumers across this country of a vital banking services.

Credit unions are an incredibly important segment of our financial services industry. They provide low-cost, convenient banking services for some 70 million Americans, including over 120,000 members in my district on the Central Coast of California. As a member of a credit union myself, I can attest to the value of these important institutions to our communities, large and small.

Mr. Speaker, since the Supreme Court decision last month credit union members in my district have written or called my office by the hundreds to express their very real concern that the Congress act quickly on this legislation. And today the House has answered that call.

My husband was an early cosponsor of HR 1151 and I made sure that one of my first actions was to put my support behind this legislation as well. I am very pleased that the House has brought this legislation to the floor and I hope that the Senate will act quickly so we can put our constituents' fears to rest.

Mr. LAFALCE. Mr. Speaker, February's Supreme Court decision presented the Congress with a difficult policy decision—whether to uphold the original intent of the 60-year-old Federal Credit Union Act, and possibly deprive up to 20 million Americans of their credit union membership, or expand the scope of the Act to authorize credit unions to serve a broader segment of the American public in competition with other financial institutions.

While it is clear that a majority in Congress, and the public generally, have rejected this first option, the alternative presents a far more difficult policy question—How do we permit credit unions to expand their membership and compete broadly in the marketplace while justifying their special treatment and tax exemption to competing financial institutions and to taxpayers?

The Banking Committee took on this broader policy question, proceeding on a collegial and nonpartisan basis to craft a compromise bill that addresses not only the issues raised by the Court, but many other issues as well. The bill incorporates basic principles of a proposal which I circulated in November to encourage discussion of a compromise on the field of membership issue. But it also does much more.

First and foremost, it protects the membership of every current credit union member and every group within a credit union. It would also permit common bond credit unions to continue to expand their field of membership by including new occupation and association-based groups. This expansion is limited, however—first by requiring the creation of new, separate common-bond credit unions wherever feasible and, second, by requiring that smaller groups be included within another credit union that is located in the same general area as the group—thereby reinforcing a broader geographic ''common bond.''

The bill would also limit the size of new common bond groups that can be included within an existing credit union to no more than 3,000 persons. While I would have preferred a smaller limit, possibly only 1,000 persons, I supported this compromise with the understanding that the requirements to charter separate credit unions and to include groups within local credit unions would be strictly implemented by NCUA.

This latter requirement—to include new groups only within credit unions that are located in reasonable proximity to the group—is extremely important in reinforcing the crucial concept of a common bond among credit union members. While many credit unions need to go beyond their original membership group to grow and to continue to provide affordable financial services, it is the Committee's view that other groups that reside, work and regularly interact with one another in

close geographic proximity are more likely to share a common sense of identity, a common sense of affinity and, thus, a broader ''geographic'' common bond.

This should not mean, however, that a credit union can incorporate every group in sight or expand over broad regions. It was my intent in offering this provision to the bill that NCUA give a conservative interpretation to the terms ''reasonable proximity'', allowing credit unions located in a larger city to incorporate new groups located in nearby sections of that city. It should not permit, for example in my Congressional district, a credit union located in one city, such as Rochester, to include common bond groups located in another city, such as Buffalo. And credit unions located in smaller cities or towns, like Lockport or Niagara Falls in my district, should be permitted to incorporate new groups within or in the vicinity of those jurisdictions.

H.R. 1151 also reinforces and strengthens the credit unions' mission to serve people of modest means. It defines, for the first time, the credit unions' obligation to meet the financial services needs of persons of modest means, and establishes a regulatory structure for monitoring and evaluating compliance.

In addition, the bill resolves a number of other controversial credit union issues. It requires NCUA to issue regulations defining permissible membership and boundaries for community credit unions. It freezes current NCUA policy on business lending, allowing time for the Banking Committee to study the issue. And it provides a framework of safety and soundness regulation for credit unions that is comparable to that for banks and thrift institutions.

Mr. Speaker, the bill is clearly a compromise. There are some provisions that are not as strong as I would have liked; there are others I would not have included. But that is the art of compromise. H.R. 1151 is not only a fair compromise, it is good public policy.

I believe this legislation is a winner for everyone. It's a clear winner for the credit unions, since it resolves the issues raised by the Supreme Court and earlier court decisions. It's a winner for the banks, since it addresses several controversial NCUA practices and policies. And, most important, it's a clear winner for America's consumers.

I urge my House colleagues to suspend the rules and pass H.R. 1151 by a unanimous vote.

Ms. VELÁZQUEZ. Mr. Speaker, I rise in support of H.R. 1151, the Credit Union Membership Access Act and the millions of Americans who are members of federal credit unions. Access to financial services and opportunity is important to low and moderate income communities like the one I represent. H.R. 1151 ensures that the greatest number of people can enjoy the benefits offered by the credit union system. I urge all of you to support this important legislation.

Crest unions are the main source of capital in many communities. In New York more than 3 million people rely on credit unions and the credit union system for their basic financial services. The hopes and dreams of families from the Lower East Side of Manhattan to Greenpoint in Brooklyn are built with the help of their local credit union. H.R. 1151 allows those hope and dreams to be realized.

Federally chartered credit unions date back to the Depression when the financial services industry was not able to make small loans to workers. Whether it is buying a new house or sending children to college, credit unions are still often able to meet their customers' needs at a lower cost than other financial services institutions. In fact, millions of customers are still attracted to credit unions because of low fees and good rates on loans and savings. Consumers must continue to have that viable choice.

Yet, after a Supreme Court ruling that narrowed the field of credit union membership, the fate of thousands of members hangs in the balance. Only by clarifying the definition of the membership provisions of the Federal Credit Union Act, can we ensure that all credit unions continue to serve their customers. Join me in passing the Credit Union Membership Access Act and make sure that we provide all people the right to chose their financial services institution.

On behalf of New York's 700 credit unions and their 3.5 million members I urge all of you to support H.R. 1151, the Credit Union Membership Access Act.

Mr. ROYCE. Mr. Speaker, since their establishment in the early 1990s, credit unions have played a critical role in our economy by providing their members with a source of affordable credit. The value of credit unions is evidenced by the millions of American consumers who have selected them as their financial institution of choice.

This ability to choose was recently challenged by a narrow 5–4 Supreme Court decision, which jeopardizes the current membership status of millions of credit union members, and the right of all consumers to choose their financial institution.

I am committed to preserve and protect this right, which is why I am a cosponsor of H.R. 1151, the ''Credit Union Membership Access Act.'' I am pleased that this legislation was favorably reported out of the Banking Committee, of which I am a member, on March 26, 1998. I continue to support this legislation and urge my colleagues to vote for financial passage of H.R. 1151 when it is considered by the House of Representatives today.

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

The SPEAKER pro tempore. The questions is on the motion offered by the gentleman from Iowa (Mr. LEACH) that the House suspend the rules and pass the bill, H.R. 1151, as amended.

The question was taken.

Mr. FILNER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 411, nays 8, not voting 11, as follows:

[Roll No. 92]

YEAS—411

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baesler
Baker
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Filner
Foley
Forbes
Ford
Fossella
Fowler
Fox
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Pomeroy
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Redmond
Regula
Reyes
Riggs
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard

Rush	Smith (TX)	Tierney
Ryun	Smith, Adam	Torres
Sabo	Smith, Linda	Towns
Salmon	Snowbarger	Traficant
Sanchez	Snyder	Turner
Sanders	Solomon	Upton
Sandlin	Souder	Velazquez
Sanford	Spence	Vento
Sawyer	Spratt	Visclosky
Saxton	Stabenow	Walsh
Scarborough	Stark	Wamp
Schaffer, Bob	Stearns	Watt (NC)
Schumer	Stenholm	Watts (OK)
Scott	Stokes	Waxman
Sensenbrenner	Strickland	Weldon (FL)
Serrano	Stump	Weldon (PA)
Sessions	Stupak	Weller
Shadegg	Sununu	Wexler
Shaw	Talent	Weygand
Shays	Tanner	White
Sherman	Tauscher	Whitfield
Shimkus	Tauzin	Wicker
Shuster	Taylor (MS)	Wise
Sisisky	Taylor (NC)	Wolf
Skaggs	Thomas	Woolsey
Skeen	Thompson	Wynn
Skelton	Thornberry	Yates
Slaughter	Thune	Young (AK)
Smith (MI)	Thurman	Young (FL)
Smith (NJ)	Tiahrt	

NAYS—8

Bachus	Hostettler	Schaefer, Dan
Barton	Paul	Watkins
Gillmor	Paxon	

NOT VOTING—11

Cannon	Kennedy (MA)	Royce
Condit	Klug	Smith (OR)
Gonzalez	Payne	Waters
Jefferson	Rangel	

□ 1336

Mr. PAXON and Mr. BARTON of Texas changed their vote from ''yea'' to ''nay.''

Messrs. DOYLE, HEFNER, CHRISTENSEN and MEEHAN changed their vote from ''nay'' to ''yea.''

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

The title of the bill was amended so as to read: ''A bill to amend the Federal Credit Union Act to clarify existing law with regard to the field of membership of Federal credit unions, to preserve the integrity and purpose of federal credit unions, to enhance supervisory oversight of insured credit unions, and for other purposes.''

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. CONDIT. Mr. Speaker, I was unavoidable detained for roll call vote 92, The Credit Union Membership Access Act. Had I been present, I would have voted aye. I would ask that this be reflected in the RECORD in the appropriate section.

GENERAL LEAVE

Mr. BEREUTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1151, as amended.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

LAYING ON THE TABLE HOUSE RESOLUTION 309 AND HOUSE RESOLUTION 403

Mr. SOLOMON. Mr. Speaker, I ask unanimous consent that House Resolution 309, dealing with the rule on fast track, and House Resolution 403, dealing with the rule on the bank reform bill, be laid on the table.

The SPEAKER pro tempore (Mr. HEFLEY). Is there objection to the request of the gentleman from New York?

There was no objection.

BUILDING EFFICIENT SURFACE TRANSPORTATION AND EQUITY ACT OF 1998

The SPEAKER pro tempore. Pursuant to House Resolution 405 and rule XXIII, the Chair declares the House in the Committee of the Whole on the State of the Union for the consideration of the bill, H.R. 2400.

□ 1340

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. 2400) to authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes, with Mr. HASTINGS of Washington 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 Pennsylvania (Mr. SHUSTER) and the gentleman from Minnesota (Mr. OBERSTAR) each will control one hour, and the gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) will each control 15 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. SHUSTER).

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

(Mr. SHUSTER asked and was given permission to revise and extend his remarks.)

Mr. SHUSTER. Mr. Chairman, today we bring to the floor of the House historic legislation, legislation to rebuild America so that we have a 21st Century transportation system. In the 21st Century, from Seattle to Miami, from New York to California, America is growing and prospering, but our infrastructure is crumbling.

There are two fundamental principles in the bill we bring to the floor today. The first is to put the trust back in the Transportation Trust Funds. It is to restore honesty in budgeting.

Every time an American drives up to the gas pump and pays his or her 18.4-cent gas tax for every gallon of tax, that money goes into the Highway Trust Fund and Americans have the right to believe that the money in the trust fund is going to be spent to improve transportation.

In fact, that is the way it was, until in the mid-1960's President Johnson got the idea that by not spending the money, he could help fund the Vietnam War.

Indeed, it was Eisenhower and the Congress which made a Contract with America, and that contract was you pay your gas tax, and that money is spent to improve highways. Unfortunately, in the past several years, we have had a fraud perpetrated on the American people. It has not happened. We have had abate and switch. You pay your gas tax, but the money in the trust fund does not get spent. To the tune, there is $23 billion in that Highway Trust Fund today.

Let me share with Members something that a very well-known American said when he was Governor of a State just a few years ago. He said this on television: ''The Congress took that money from us under a solemn contract to turn right around and give it back to the States to be spent on roads and highways. Instead, they are hoarding that money up there, and the only reason is to make the Federal deficit look smaller than it is. It is just wrong. It is wrong as it can be, and we ought to stop it. It is in violation of the solemn contract the national government has to the people who pay the tax.'' Governor Bill Clinton.

So I say now to the Clinton Administration, join us. Keep your word. Help us unlock the trust fund so that money can go where it is supposed to go, to improve America's transportation infrastructure.

We swallowed hard in the committee to get where we are today on a couple of very, very important compromises. We agreed that from this point forward, we would not count the interest in the trust fund.

Over the life of this bill, that means $15 billion in debt reduction for our country. And we swallowed hard and said that approximately $10 billion of the $23 billion in the balance will be returned.

□ 1345

Put those two figures together and you get about $25 billion in reduced debt for the Federal Government, an amount which approximates the increase in spending that this bill proposes. We only spend the revenue coming into this Trust Fund from this point forward. We only spend the money paid for by the American people in the gas tax and the related transportation taxes. Indeed, the projection is we come in over the 6-year period about $3 billion under the revenue coming in.

I would be quick to say, if there is no need to spend this money, we certainly should not spend it, nor should we let it accumulate. We should reduce the taxes.

So that brings me to, really, the second fundamental principle: That is, what are the needs for investment in infrastructure for America? I suggest