

106TH CONGRESS
2D SESSION

H. R. 4082

To amend the Federal Deposit Insurance Act and the Federal Home Loan Bank Act to provide for the payment of Financing Corporation interest obligations from balances in the deposit insurance funds in excess of an established ratio and, after such obligations are satisfied, to provide for rebates to insured depository institutions of such excess reserves.

IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 2000

Mr. LUCAS of Oklahoma (for himself, Mr. WATT of North Carolina, Mr. BE-REUTER, Mr. MALONEY of Connecticut, Mr. JONES of North Carolina, Mr. TAYLOR of North Carolina, Mr. PRICE of North Carolina, Mr. COBLE, Mrs. CLAYTON, Mr. BURR of North Carolina, Mr. BALLENGER, Mr. HAYES, Mr. ETHERIDGE, Mr. MCINTYRE, Mrs. MYRICK, Mr. TERRY, Mr. RYUN of Kansas, and Mr. HUTCHINSON) introduced the following bill; which was referred to the Committee on Banking and Financial Services

A BILL

To amend the Federal Deposit Insurance Act and the Federal Home Loan Bank Act to provide for the payment of Financing Corporation interest obligations from balances in the deposit insurance funds in excess of an established ratio and, after such obligations are satisfied, to provide for rebates to insured depository institutions of such excess reserves.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Deposit Insurance
3 Fairness and Economic Opportunity Act”.

4 **SEC. 2. USE OF EXCESS DEPOSIT FUND RESERVES TO PAY**
5 **FICO INTEREST OBLIGATIONS AND MAKE RE-**
6 **BATES.**

7 (a) IN GENERAL.—Section 7(b)(2) of the Federal
8 Deposit Insurance Act (12 U.S.C. 1817(b)(2)) is amended
9 by inserting after subparagraph (C) the following new sub-
10 paragraphs:

11 “(D) USE OF EXCESS DEPOSIT INSURANCE
12 FUNDS INITIALLY TO PAY FICO INTEREST OBLI-
13 GATIONS AND THEN FOR OTHER PURPOSES.—
14 Notwithstanding subsection (e)(2), beginning
15 January 1, 2001, and annually thereafter, the
16 Board of Directors shall, when amounts in both
17 the Bank Insurance Fund and the Savings As-
18 sociation Insurance Fund, respectively, exceed
19 the amount which is equal to 1.40 percent of
20 the estimated insured deposits insured by such
21 Fund (or such higher percentage as may have
22 been established as the designated reserve ratio
23 for the respective Fund pursuant to subpara-
24 graph (A)(iv)(II)) transfer from such Funds the
25 amounts in excess of the amount that is equal

1 to that percentage of estimated insured deposits
2 as follows:

3 “(i) YEARS 2001 THROUGH 2017.—In
4 years 2001 through 2017, to the Finance-
5 ing Corporation in such amount as is nec-
6 essary to pay, for such year, the interest
7 payments, issuance costs, and custodial
8 fees described in section 21(f) of the Fed-
9 eral Home Loan Bank Act with regard to
10 obligations issued by the Financing Cor-
11 poration.

12 “(ii) YEARS AFTER 2017.—In years
13 beginning after December 31, 2017—

14 “(I) to the Financing Corpora-
15 tion for the purposes described in
16 clause (i); and

17 “(II) if the amount required to
18 be transferred under this subpara-
19 graph exceeds the amount required by
20 the Financing Corporation for the
21 purposes described in clause (i), to in-
22 sured depository institutions, the allo-
23 cation of which to be made on such
24 basis as the Board of Directors deter-
25 mines to be appropriate, taking into

1 account the factors considered under
2 the risk-based assessment system.

3 “(E) PAYMENT LIMITATION FOR CERTAIN
4 INSTITUTIONS.—No amount may be paid under
5 subparagraph (D)(ii)(II) to any insured deposi-
6 tory institution described in clause (v) of sub-
7 section (b)(2)(A).”.

8 (b) TECHNICAL AND CONFORMING AMENDMENT.—

9 (1) Section 21(f) of the Federal Home Loan
10 Bank Act (12 U.S.C. 1441) is amended—

11 (A) by redesignating paragraphs (2) and
12 (3) as paragraphs (3) and (4), respectively;

13 (B) by inserting after paragraph (1) the
14 following new paragraph:

15 “(2) EXCESS DEPOSIT INSURANCE FUND BAL-
16 ANCES.—In addition to the amounts obtained pursu-
17 ant to paragraph (1), the Financing Corporation
18 shall have available the amounts transferred by the
19 Board of Directors of the Federal Deposit Insurance
20 Corporation pursuant to section 7(b)(2)(D) of the
21 Federal Deposit Insurance Act.”;

22 (C) in paragraph (3) (as so redesignated
23 by paragraph (2) of this subsection), by striking
24 “In addition to the amounts obtained pursuant
25 to paragraph (1),” and inserting “To the extent

1 the amounts available under paragraphs (1)
2 and (2) are insufficient to cover the amount of
3 interest payments, issuance costs, and custodial
4 fees,”; and

5 (D) in paragraph (4) (as so redesignated
6 by paragraph (2) of this subsection), by striking
7 “(1) and (2)” and inserting “(1), (2), and (3)”.

8 (2) Section 2703(e)(2) of the Deposit Insurance
9 Funds Act of 1996 (12 U.S.C. 1441 nt.) is
10 amended—

11 (A) by striking “21(f)(2)” and inserting
12 “21(f)(3)”;

13 (B) by inserting “and redesignated by sec-
14 tion 2(b)(1)(A) of the Deposit Insurance Fair-
15 ness and Economic Opportunity Act” after “as
16 amended by subsection (a)”.

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