

106TH CONGRESS
2D SESSION

S. 2592

To establish a program to promote access to financial services, in particular for low- and moderate-income persons who lack access to such services, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 18, 2000

Mr. SARBANES (for himself, Mr. DASCHLE, Mr. DODD, Mr. KERRY, Mr. BRYAN, Mr. JOHNSON, Mr. REED, Mr. SCHUMER, Mr. BAYH, and Mr. EDWARDS) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To establish a program to promote access to financial services, in particular for low- and moderate-income persons who lack access to such services, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “First Accounts Act
5 of 2000”.

6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress finds as follows:

1 (1) Many low- and moderate-income persons
2 lack adequate access to basic financial services, such
3 as a low-cost transaction or savings account at a
4 federally insured depository institution.

5 (2) The lack of such basic financial services in-
6 creases costs for such persons, reduces their ability
7 to manage their finances and to save and plan for
8 the future, and limits their access to other financial
9 products, such as credit cards, home mortgages, or
10 automobile loans.

11 (3) Existing products and services may not be
12 adequate to meet the needs of low- and moderate-in-
13 come persons for financial services, such persons
14 may be inadequately informed about financial issues,
15 and depository institutions may have insufficient in-
16 formation about such persons to develop suitable
17 products for them.

18 (4) Increasing access to basic financial services
19 will require research and development, incentives to
20 provide basic accounts and increase access to finan-
21 cial services, and consumer and depository institu-
22 tion education.

23 (b) PURPOSE.—The primary purpose of this Act is
24 to establish a program to promote access to financial serv-
25 ices, in particular for low- and moderate-income persons

1 who lack access to such services, including low- and mod-
2 erate-income persons who do not receive Federal benefits.

3 **SEC. 3. DEFINITIONS.**

4 For purposes of this Act, the following definitions
5 shall apply:

6 (1) **COMMUNITY PARTNER.**—The term “com-
7 munity partner” means a nonprofit organization,
8 State or local government agency, quasi-govern-
9 mental entity, or community development financial
10 institution (as defined in section 103(5) of the Com-
11 munity Development and Financial Institutions Act
12 of 1994) that provides education to low- and mod-
13 erate-income persons regarding financial services, or
14 develops or provides financial services for low- and
15 moderate-income persons or otherwise facilitates the
16 provision of financial services to such persons.

17 (2) **DEPOSITORY INSTITUTION.**—The term “de-
18 pository institution” means—

19 (A) any insured depository institution (as
20 defined in section 3(c) of the Federal Deposit
21 Insurance Act); and

22 (B) any insured credit union (as defined in
23 section 101(7) of the Federal Credit Union
24 Act).

1 (3) FINANCIAL SERVICES ELECTRONIC NET-
2 WORK.—The term “financial services electronic net-
3 work” means an organization or entity that provides
4 electronic access to an individual’s account at a de-
5 pository institution, including an automated teller
6 machine network, point-of-sale network, and a pro-
7 vider of such services through the Internet.

8 (4) INDIAN RESERVATION.—The term “Indian
9 reservation” has the same meaning as in section
10 4(10) of the Indian Child Welfare Act of 1978 and,
11 to the extent not already included, includes—

12 (A) lands held by incorporated Native
13 groups, regional corporations, and village cor-
14 porations, as defined in or established pursuant
15 to the Alaska Native Claims Settlement Act;

16 (B) public domain Indian allotments; and

17 (C) former Indian reservations in the State
18 of Oklahoma.

19 (5) LOW- AND MODERATE-INCOME.—The term
20 “low- and moderate-income” means a family income
21 that does not exceed—

22 (A) for nonmetropolitan areas, 80 percent
23 of the statewide median family income; and

1 (B) for metropolitan areas, 80 percent of
2 the greater of statewide median family income
3 or metropolitan area median family income.

4 (6) SECRETARY.—The term “Secretary” means
5 the Secretary of the Treasury.

6 (7) SERVICE AREA.—

7 (A) IN GENERAL.—The term “service
8 area” means—

9 (i) any population census tract for
10 which the poverty rate is 20 percent or
11 greater, based on the most recent census
12 data;

13 (ii) any population census tract—

14 (I) which is not located within a
15 metropolitan area; and

16 (II) for which the median family
17 income does not exceed 80 percent of
18 statewide median family income;

19 (iii) any population census tract—

20 (I) which is located within a met-
21 ropolitan area; and

22 (II) for which the median family
23 income does not exceed 80 percent of
24 the greater of statewide median family

1 income or the metropolitan area me-
2 dian family income;
3 (iv) an Indian reservation; and
4 (v) any other area that has significant
5 unmet needs for financial services, as may
6 be determined by the Secretary.

7 (B) APPLICATION IN ABSENCE OF POPU-
8 LATION CENSUS TRACTS.—In the case of an
9 area that is not tracted for population census
10 tracts, the equivalent county divisions (as de-
11 fined by the Bureau of the Census for purposes
12 of defining poverty areas) shall be used in lieu
13 of a population census tract for purposes of
14 clauses (i), (ii), and (iii) of subparagraph (A)
15 and in determining poverty rates and median
16 family income for purposes of those clauses.

17 (8) SERVICE POPULATION.—The term “service
18 population” means individuals, or a group of individ-
19 uals, who are low- or moderate-income, or who oth-
20 erwise lack adequate access to financial services, as
21 may be determined by the Secretary.

1 **SEC. 4. ESTABLISHMENT OF A PROGRAM FOR EXPANSION**
2 **OF FINANCIAL SERVICES TO THE UNDER-**
3 **SERVED.**

4 The Secretary shall establish a program to support
5 and promote—

6 (1) the expansion of access to financial services,
7 in particular for low- and moderate-income persons
8 who lack access to such services, and for other pur-
9 poses;

10 (2) the development of new financial products
11 and services that are adequate to meet the needs of
12 low- and moderate-income persons for financial serv-
13 ices;

14 (3) education for both low- and moderate-in-
15 come persons and depository institutions concerning
16 the availability and use of financial services for and
17 by such persons; and

18 (4) such other activities and projects as the
19 Secretary may determine are consistent with the
20 purpose of this Act.

21 **SEC. 5. POWERS AND AUTHORITIES OF THE SECRETARY.**

22 (a) IN GENERAL.—In carrying out the program es-
23 tablished under section 4, the Secretary may award
24 grants, enter into cooperative agreements and contracts,
25 and designate depository institutions as financial agents
26 of the Treasury, in order to provide for technical assist-

1 ance, education, training, or financial services to further
2 the purpose of this Act.

3 (b) SPECIFIC POWERS.—The powers of the Secretary
4 under this Act shall include the following:

5 (1) FINANCIAL SERVICES.—The Secretary may
6 promote access to financial services by providing fi-
7 nancial and technical assistance to depository insti-
8 tutions for providing low-cost financial services,
9 including—

10 (A) electronic transaction accounts;

11 (B) savings accounts; and

12 (C) other financial services deemed appro-
13 priate by the Secretary to meet the needs of
14 service areas or service populations.

15 (2) DISTRIBUTION.—The Secretary may pro-
16 mote access to financial services by providing finan-
17 cial and technical assistance to depository institu-
18 tions, financial services electronic networks, or com-
19 munity partners for expanding the distribution of fi-
20 nancial services to service areas or service popu-
21 lations, including through financial services elec-
22 tronic networks.

23 (3) EDUCATION.—The Secretary may promote
24 access to financial services by—

1 (A) providing financial education to service
2 areas or service populations;

3 (B) providing technical assistance or train-
4 ing to or by depository institutions or commu-
5 nity partners; and

6 (C) otherwise promoting financial services
7 to or by service areas, service populations, de-
8 pository institutions, or community partners.

9 (4) RESEARCH AND DEVELOPMENT.—The Sec-
10 retary may conduct or support such research and de-
11 velopment as the Secretary considers appropriate in
12 order to further the purpose of this Act, including
13 the collection of information about access to finan-
14 cial services.

15 (c) SELECTION CRITERIA.—

16 (1) IN GENERAL.—In selecting any depository
17 institution, community partner, or financial services
18 electronic network as a recipient of a grant or other
19 assistance under this Act, the Secretary shall
20 consider—

21 (A) the likelihood of success of the deposi-
22 tory institution, community partner, or finan-
23 cial services electronic network in achieving the
24 purpose of the grant or assistance and carrying
25 out the purpose of this Act;

1 (B) the experience of the depository insti-
2 tution, community partner, or financial services
3 electronic network in undertaking activities
4 similar to the activities to be funded or sup-
5 ported by the proceeds of the grant or other as-
6 sistance; and

7 (C) such other factors, including manage-
8 ment and performance criteria, as the Secretary
9 may determine to be appropriate.

10 (2) PUBLICATION OF CRITERIA.—The Secretary
11 shall publish the selection criteria established pursu-
12 ant to paragraph (1) in the Federal Register.

13 (d) TERMS AND CONDITIONS.—

14 (1) IN GENERAL.—Before providing any assist-
15 ance under this Act, the Secretary and each entity
16 to be assisted shall enter into an agreement that re-
17 quires such entity to comply with performance goals
18 and abide by other terms and conditions, as deter-
19 mined by the Secretary.

20 (2) REMEDIAL TERMS AND CONDITIONS.—The
21 agreement required by paragraph (1) shall provide
22 that, in the event of fraud, mismanagement, or non-
23 compliance with the terms of the agreement, the
24 Secretary shall have discretion to—

1 (A) require changes to the performance
2 goals;

3 (B) terminate the agreement or reduce as-
4 sistance under the agreement;

5 (C) require repayment of assistance;

6 (D) bar an entity from reapplying under
7 the program established under section 4; or

8 (E) take such other action as the Secretary
9 may determine to be appropriate.

10 (e) FINALITY OF DECISIONS.—Any determination,
11 including the selection of recipients of grants and other
12 assistance under this Act, shall be made in the sole discre-
13 tion of the Secretary and shall be final.

14 (f) REGULATIONS.—The Secretary may prescribe
15 such regulations and procedures as the Secretary deter-
16 mines to be appropriate to carry out the program estab-
17 lished under section 4 and the purpose of this Act.

18 **SEC. 6. REPORTS.**

19 Not later than 2 years after the date of enactment
20 of this Act, and annually thereafter, the Secretary shall
21 submit to Congress a report containing—

22 (1) a detailed description of the operation of the
23 program established under section 4;

24 (2) the findings and conclusions of the Sec-
25 retary on the extent to which the program estab-

1 lished under section 4 is meeting the purpose of this
2 Act and the goals of the Secretary in establishing
3 the program; and

4 (3) such recommendations for legislative or ad-
5 ministrative action as the Secretary may consider to
6 be appropriate.

7 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

8 (a) IN GENERAL.—To carry out this Act, there are
9 authorized to be appropriated to the Secretary, to remain
10 available until expended—

11 (1) \$30,000,000 for fiscal year 2001; and

12 (2) such sums as may be necessary for each of
13 fiscal years 2002 through 2005.

14 (b) ADMINISTRATIVE EXPENSES.—

15 (1) IN GENERAL.—Of amounts appropriated to
16 the Secretary under this section, not more than
17 \$3,000,000 may be used in any fiscal year to pay
18 the administrative costs and expenses of the pro-
19 gram established under section 4.

20 (2) EXCLUSION OF CERTAIN COSTS.—Costs as-
21 sociated with research and development, training,
22 technical assistance, and education shall not be con-
23 sidered to be administrative expenses for purposes of
24 this subsection.

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