

107TH CONGRESS
1ST SESSION

S. 601

To authorize the payment of interest on certain accounts at depository institutions, to increase flexibility in setting reserve requirements, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 22, 2001

Mr. SHELBY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To authorize the payment of interest on certain accounts at depository institutions, to increase flexibility in setting reserve requirements, 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 “Small Business Check-
5 ing Regulatory Relief Act of 2001”.

6 **SEC. 2. INTEREST-BEARING TRANSACTION ACCOUNTS AU-**
7 **THORIZED FOR ALL BUSINESSES.**

8 Section 2 of Public Law 93–100 (12 U.S.C. 1832)
9 is amended—

1 (1) by redesignating subsections (b) and (c) as
 2 subsections (c) and (d), respectively; and

3 (2) by inserting after subsection (a) the fol-
 4 lowing:

5 “(b) TRANSFERS.—Notwithstanding any other provi-
 6 sion of law, any depository institution may, before Sep-
 7 tember 1, 2002, permit the owner of any deposit or ac-
 8 count on which interest or dividends are paid to make up
 9 to 24 transfers per month, for any purpose, to another
 10 account of the owner in the same institution. Nothing in
 11 this subsection shall be construed to prevent an account
 12 offered pursuant to this subsection from being considered
 13 a transaction account (as defined in section 19(b) of the
 14 Federal Reserve Act (12 U.S.C. 461(b)) for purposes of
 15 that Act.”.

16 **SEC. 3. SAVINGS AND DEMAND DEPOSIT ACCOUNTS AT DE-**
 17 **POSITORY INSTITUTIONS.**

18 (a) NOW ACCOUNTS AUTHORIZED FOR ALL BUSI-
 19 NESSES.—Section 2 of Public Law 93–100 (12 U.S.C.
 20 1832) is amended to read as follows:

21 **“SEC. 2. WITHDRAWALS BY NEGOTIABLE OR TRANSFER-**
 22 **ABLE INSTRUMENTS FOR TRANSFERS TO**
 23 **THIRD PARTIES.**

24 “Notwithstanding any other provision of law, any de-
 25 pository institution (as defined in section 3 of the Federal

1 Deposit Insurance Act) may permit the owner of any de-
 2 posit or account to make withdrawals from such deposit
 3 or account by negotiable or transferable instruments for
 4 the purpose of making payments to third parties. With
 5 respect to an escrow account maintained in connection
 6 with a loan, a lender or servicer shall pay interest on such
 7 account only if such payments are required by contract
 8 between the lender or servicer and the borrower, or a spe-
 9 cific statutory provision of the law of the State in which
 10 the security property is located requires the lender or
 11 servicer to make such payments.”.

12 (b) REPEAL OF PROHIBITIONS ON PAYMENT OF IN-
 13 TEREST ON DEMAND DEPOSITS.—

14 (1) FEDERAL RESERVE ACT.—Section 19(i) of
 15 the Federal Reserve Act (12 U.S.C. 371a) is amend-
 16 ed to read as follows:

17 “(i) [Reserved].”.

18 (2) HOME OWNERS’ LOAN ACT.—Section
 19 5(b)(1)(B) of the Home Owners’ Loan Act (12
 20 U.S.C. 1464(b)(1)(B)) is amended in the first sen-
 21 tence, by striking “savings association may not—”
 22 and all that follows through “(ii) permit any” and
 23 inserting “savings association may not permit any”.

1 (3) FEDERAL DEPOSIT INSURANCE ACT.—Sec-
2 tion 18(g) of the Federal Deposit Insurance Act (12
3 U.S.C. 1828(g)) is amended to read as follows:

4 “(g) [Reserved].”

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall take effect on September 1, 2002.

7 **SEC. 4. INCREASED FEDERAL RESERVE BOARD FLEXI-**
8 **BILITY IN SETTING RESERVE REQUIRE-**
9 **MENTS.**

10 Section 19(b)(2) of the Federal Reserve Act (12
11 U.S.C. 461(b)(2)) is amended—

12 (1) in clause (i), by striking “the ratio of 3 per
13 centum” and inserting “a ratio not greater than 3
14 percent”; and

15 (2) in clause (ii), by striking “and not less than
16 8 per centum”.

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