

106TH CONGRESS
2D SESSION

H. R. 3611

To increase the number of interaccount transfers which may be made from business accounts at depository institutions, to require the Board of Governors of the Federal Reserve System to pay interest on certain reserves, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2000

Mrs. KELLY introduced the following bill; which was referred to the
Committee on Banking and Financial Services

A BILL

To increase the number of interaccount transfers which may be made from business accounts at depository institutions, to require the Board of Governors of the Federal Reserve System to pay interest on certain reserves, 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 Inter-
5 est Checking Act of 2000”.

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

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

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

7 (2) by inserting after subsection (a) the fol-
 8 lowing:

9 “(b) Notwithstanding any other provision of law, any
 10 depository institution may permit the owner of any deposit
 11 or account which is a deposit or account on which interest
 12 or dividends are paid and is not a deposit or account de-
 13 scribed in subsection (a)(2) to make up to 24 transfers
 14 per month, for any purpose, to another account of the
 15 owner in the same institution. Nothing in this subsection
 16 shall be construed to prevent an account offered pursuant
 17 to this subsection from being considered a transaction ac-
 18 count (as defined in section 19(b) of the Federal Reserve
 19 Act for purposes of such Act.”.

20 **SEC. 3. PAYMENT OF INTEREST ON RESERVES AT FEDERAL**
 21 **RESERVE BANKS.**

22 (a) IN GENERAL.—Section 19(b) of the Federal Re-
 23 serve Act (12 U.S.C. 461(b)) is amended by adding at
 24 the end the following new paragraph:

25 “(12) EARNINGS ON RESERVES.—

1 “(A) IN GENERAL.—Balances maintained
2 at a Federal reserve bank by or on behalf of a
3 depository institution to meet the reserve re-
4 quirements of this subsection applicable with re-
5 spect to such depository institution shall receive
6 earnings to be paid by the Federal reserve bank
7 at least once each calendar quarter at a rate or
8 rates not to exceed the general level of short
9 term interest rates.

10 “(B) REGULATIONS RELATING TO PAY-
11 MENTS AND DISTRIBUTION.—The Board may
12 prescribe regulations concerning—

13 “(i) the payment of earnings in ac-
14 cordance with this paragraph;

15 “(ii) the distribution of such earnings
16 to the depository institutions which main-
17 tain balances at such banks or on whose
18 behalf such balances are maintained; and

19 “(iii) the responsibilities of depository
20 institutions, Federal home loan banks, and
21 the National Credit Union Administration
22 Central Liquidity Facility with respect to
23 the crediting and distribution of earnings
24 attributable to balances maintained, in ac-
25 cordance with subsection (c)(1)(B), in a

1 Federal reserve bank by any such entity on
 2 behalf of depository institutions which are
 3 not member banks.”.

4 (b) TECHNICAL AND CONFORMING AMENDMENT.—

5 (1) SECTION 19(b) OF FEDERAL RESERVE
 6 ACT.—Section 19(b)(4) of the Federal Reserve Act
 7 (12 U.S.C. 461(b)(4)) is amended by striking sub-
 8 paragraph (C).

9 (2) SECTION 19(c) OF FEDERAL RESERVE
 10 ACT.—Section 19(c)(1)(A) of the Federal Reserve
 11 Act (12 U.S.C. 461(c)(1)(A)) is amended by striking
 12 “subsection (b)(4)(C)” and inserting “subsection
 13 (b)”.

14 **SEC. 4. INCREASED FEDERAL RESERVE BOARD FLEXI-**
 15 **BILITY IN SETTING RESERVE REQUIRE-**
 16 **MENTS.**

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

19 (1) in clause (i), by striking “the ratio of 3 per
 20 centum” and inserting “a ratio not greater than 3
 21 percent (and which may be zero)”; and

22 (2) in clause (ii), by striking “and not less than
 23 8 per centum,” and inserting “(and which may be
 24 zero),”.

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