

108TH CONGRESS
1ST SESSION

H. R. 859

To repeal the prohibition on the payment of interest on demand deposits,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2003

Mr. TOOMEY (for himself, Mr. KANJORSKI, Mrs. BIGGERT, Mr. GONZALEZ,
Mr. SHAYS, and Ms. HOOLEY of Oregon) introduced the following bill;
which was referred to the Committee on Financial Services

A BILL

To repeal the prohibition on the payment of interest on
demand deposits, 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 “Business Checking
5 Freedom Act of 2003”.

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

8 (a) REPEAL OF PROHIBITION ON PAYMENT OF IN-
9 TEREST ON DEMAND DEPOSITS.—

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

4 “(i) [Repealed]”.

5 (2) HOME OWNERS’ LOAN ACT.—The first sen-
6 tence of section 5(b)(1)(B) of the Home Owners’
7 Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by
8 striking “savings association may not—” and all
9 that follows through “(ii) permit any” and inserting
10 “savings association may not permit any”.

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

14 “(g) [Repealed]”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 subsection (a) shall take effect at the end of the 1-year
17 period beginning on the date of the enactment of this Act.

18 **SEC. 3. RULE OF CONSTRUCTION.**

19 In the case of an escrow account maintained at a de-
20 pository institution in connection with a real estate trans-
21 action—

22 (1) the absorption, by the depository institution,
23 of expenses incidental to providing a normal banking
24 service with respect to such escrow account;

1 (2) the forbearance, by the depository institu-
2 tion, from charging a fee for providing any such
3 banking function; and

4 (3) any benefit which may accrue to the holder
5 or the beneficiary of such escrow account as a result
6 of an action of the depository institution described
7 in subparagraph (1) or (2) or similar in nature to
8 such action,

9 shall not be treated as the payment or receipt of interest
10 for purposes of this Act and any provision of Public Law
11 93–100, the Federal Reserve Act, the Home Owners’ Loan
12 Act, or the Federal Deposit Insurance Act relating to the
13 payment of interest on accounts or deposits at depository
14 institutions.

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