I

118TH CONGRESS
2D SESSION

H. R. 10542

To amend the Federal Deposit Insurance Act and the Federal Credit Union Act to authorize a temporary transaction account guarantee program, expand deposit and share insurance to cover business payment accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 19, 2024

Ms. WATERS introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To amend the Federal Deposit Insurance Act and the Federal Credit Union Act to authorize a temporary transaction account guarantee program, expand deposit and share insurance to cover business payment accounts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Employee Paycheck and Small Business Protection Act".

SEC. 2. EXPANDED INSURANCE COVERAGE FOR BUSINESS PAYMENT ACCOUNTS.

(a) INSURED DEPOSITORY INSTITUTIONS.—

(1) IN GENERAL.—Section 11(a) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)) is amended—

(A) in paragraph (1)(B), by striking "The net amount" and inserting "Except as provided in paragraph (6), the net amount"; and

(B) by adding at the end the following:

"(6) EXPANDED INSURANCE COVERAGE FOR BUSINESS PAYMENT ACCOUNTS.—

"(A) INSURANCE REQUIRED.—Notwithstanding paragraph (1), the Corporation shall establish a program under which the Corporation shall fully insure the deposits that any depositor at an insured depository institution maintains in a covered transaction account in accordance with subparagraph (B).

"(B) AMOUNT.—The Corporation may only provide insurance for deposits under subparagraph (A) in an amount of net deposits up to $100,000,000 per depositor per depository institution.

"(C) EXCLUSION FROM NET AMOUNT OF INSURED DEPOSITS.—Any amount of deposits insured under this paragraph shall not be taken into account when computing the net amount due to such depositor under paragraph (1)(B).

"(D) COVERED TRANSACTION ACCOUNT DEFINED.—In this paragraph, the term 'covered transaction account' means a deposit or account maintained at an insured depository institution—

"(i) by a business, non-profit, municipality, or similar organization;

"(ii) used predominantly for transactions, including payroll payments, vendor payments, and any other regular payments made to support the work or mission of the account holder; and

"(iii) that is non-interest bearing or that pays interest materially below prevailing market rates, as determined by the Corporation.".

(2) APPLICABILITY.—The amendments made by this subsection shall apply with respect to a covered transaction account (as defined in paragraph (6)(D) of section 11(a) of the Federal Deposit Insurance Act, as added by this section) on the date

of the issuance of a final rule described in subsection (d).

(b) CREDIT UNIONS.—

(1) IN GENERAL.—Section 207(k) of the Federal Credit Union Act (12 U.S.C. 1787(k)) is amended—

(A) in paragraph (1)(A), by inserting ‘‘and except as provided in paragraph (7)’’ after ‘‘paragraph (2)’’; and

(B) by adding at the end the following:

‘‘(7) EXPANDED INSURANCE COVERAGE FOR BUSINESS PAYMENT ACCOUNTS.—

‘‘(A) INSURANCE REQUIRED.—Notwithstanding paragraph (1), the Board shall establish a program under which the Board shall fully insure the deposits or shares in members accounts of an insured credit union that are covered transaction accounts in accordance with subparagraph (B).

‘‘(B) AMOUNT.—The Board may only provide insurance under subparagraph (A) in an amount of the net deposits or shares up to $100,000,000 per member per insured credit union.

"(C) EXCLUSION FROM NET AMOUNT OF INSURED DEPOSITS OR SHARES.—Any amount of deposits or shares insured under this paragraph shall not be taken into account when computing the net amount due under paragraph (1)(A).

"(D) COVERED TRANSACTION ACCOUNT DEFINED.—In this paragraph, the term 'covered transaction account' means a deposit, share, or account maintained at an insured credit union—

"(i) by a business, non-profit, municipality, or similar organization;

"(ii) used predominantly for transactions, including payroll payments, vendor payments, and any other regular payments made to support the work or mission of the account holder; and

"(iii) that is non-interest bearing or that pays interest materially below prevailing market rates, as determined by the Board.".

(2) APPLICABILITY.—The amendments made by this subsection shall apply with respect to a covered transaction account (as defined in section

207(k)(7)(D) of the Federal Credit Union Act, as added by this section) on the date of the issuance of a final rule described in subsection (d).

(c) DATA COLLECTION AND ANALYSIS.—

(1) IN GENERAL.—

(A) FDIC.—Not later than 90 days after the date of the enactment of this Act, the Federal Deposit Insurance Corporation shall begin collecting and analyzing data from insured depository institutions to establish requirements for the program established under paragraph (6) of section 11(a) of the Federal Deposit Insurance Act, as added by this Act, including to determine the eligibility of covered transaction accounts and the amount of deposits to be insured under such program, as appropriate.

(B) NCUA.—Not later than 90 days after the date of the enactment of this Act, the National Credit Union Administration Board shall begin collecting and analyzing data from insured credit unions to establish requirements for the program established under paragraph (7) of section 207(k) of the Federal Credit Union Act, as added by this Act, including to determine the eligibility of covered transaction accounts and the amount of deposits or shares to be insured under such program, as appropriate.

(2) ELEMENTS.—In establishing the eligibility of covered transaction accounts and the amount of deposits or shares to be insured as described in paragraph (1), the Federal Deposit Insurance Corporation and the National Credit Union Administration Board, respectively, shall consider the following:

(A) The eligibility of covered transaction accounts and the maximum insurance amount for such deposits or shares to promote safety and soundness of insured depository institutions and insured credit unions, as applicable.

(B) The eligibility of covered transaction accounts and the maximum insurance amount for such deposits or shares to promote stability of the financial system of the United States.

(C) The eligibility of covered transaction accounts and the maximum insurance amount for such deposits or shares to promote a competitive depository market structure that, as applicable, includes—

(i) minority depository institutions (as defined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989) and minority insured credit unions;

(ii) rural depository institutions and rural insured credit unions;

(iii) depository institutions and credit unions that are community development financial institutions (as defined in section 103(5) of the Riegle Community Development and Regulatory Improvement Act of 1994); and

(iv) other large, small, and medium-sized insured depository institutions and insured credit unions.

(D) The eligibility of covered transaction accounts and the maximum insurance amount for such deposits or shares to ensure holders of covered transaction accounts would be able to meet payment obligations in a timely fashion, including payroll and vendor payment obligations.

(E) The expected effect of assessment or premium adjustments on insured depository institutions and insured credit unions, as applicable.

(3) PUBLICATION.—Not later than 18 months after the date of the enactment of this Act, the Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall—

(A) make publicly available a report with detailed analyses conducted under this subsection, including aggregated data; and

(B) make available to the Committee on Financial Services of the House of Representatives and Committee on Banking, Housing, and Urban Affairs of the Senate the data collected under this subsection.

(d) RULEMAKING.—

(1) PROPOSED RULEMAKING.—

(A) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall each issue a proposed rule to carry out the requirements of this section and the amendments made by this section.

(B) ADDITIONAL REQUIREMENTS.—The Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall consult with the Board of Governors of the Federal Reserve System and the Comptroller of the Currency before issuing a proposed rule required under subparagraph (A).

(C) TESTIMONY.—The Chairperson of the Federal Deposit Insurance Corporation and the Chairman of the National Credit Union Administration Board shall testify before the Financial Services Committee of the House of Representatives and Committee on Banking, Housing, and Urban Affairs of the Senate, at a time determined by the Chairs of those Committees that is after the date on which the proposed rule described in subparagraph (A) is issued.

(2) FINAL RULEMAKING.—

(A) IN GENERAL.—Not later than 30 months after the date of the enactment of this Act, the Federal Deposit Insurance Corporation and the National Credit Union Administration Board shall each issue a final rule to carry out the requirements of this section and the amendments made by this section.

(B) JOINT DETERMINATIONS REQUIRED.—Each rule described under subparagraph (A) shall contain the following, which shall be jointly determined by the Federal Deposit Insurance

Corporation and the National Credit Union Administration Board:

(i) A definition of the term "deposits" and "deposits or shares" that applies to both programs.

(ii) A maximum insurance amount for deposits or shares held in a covered transaction account that applies to both programs.

(3) FAILURE TO ISSUE A FINAL RULE.—If the Federal Deposit Insurance Corporation or the National Credit Union Administration Board do not issue a final rule required under paragraph (2) before the deadline described in that paragraph—

(A) the Chair of each agency failing to issue a final rule shall—

(i) testify before the Committee on Financial Services of the House of Representatives and Committee on Banking, Housing, and Urban Affairs of the Senate regarding the reasons why the agency has not yet issued a final rule; and

(ii) submit a report to such Committees that includes—

(I) an assessment of the benefits and challenges posed by expanding deposit or share insurance as required, as applicable, under the program established under paragraph (6) of section 11(a) of the Federal Deposit Insurance Act (as added by this Act) and the program established under paragraph (7) of section 207(k) of the Federal Credit Union Act (as added by this Act); and

(II) any recommendations for administrative or legislative modifications;

(B) the Comptroller General of the United State shall conduct a review of the reports required under subsection (c), along with any other relevant data, and submit to Congress a report on—

(i) the benefits and challenges posed by—

(I) the program established under paragraph (6) of section 11(a) of the Federal Deposit Insurance Act, as added by this Act; and

(II) the program established under paragraph (7) of section 207(k) of the Federal Credit Union Act, as added by this Act; and

(ii) any recommendations for legislative or regulatory actions.

(e) EXTENSION OF DEPOSIT INSURANCE FUND AND NATIONAL CREDIT UNION SHARE INSURANCE FUND RESTORATION PLANS.—A Deposit Insurance Fund restoration plan (as defined under section 7(b)(3)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(3)(E))) or a restoration plan for the National Credit Union Share Insurance Fund (as described in section 202(c)(2)(D) of the Federal Credit Union Act (12 U.S.C. 1782(c)(2)(D))) in effect on the date of the enactment of this Act shall be extended for a period of 8 years beginning on the effective date of a final rule issued by the applicable agency pursuant to subsection (d).

SEC. 3. TEMPORARY TRANSACTION ACCOUNT GUARANTEE PROGRAM.

(a) INSURED DEPOSITORY INSTITUTIONS.—Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended by adding at the end the following:

''(l) INSURANCE OF CERTAIN UNINSURED DEPOSITS TO PRESERVE FINANCIAL STABILITY.—

"(1) ESTABLISHMENT OF PROGRAM FRAMEWORK.—The Corporation shall, by rule, establish a framework for a Temporary Transaction Account Guarantee Program (the 'Program') under which the Corporation fully insures the net amount any depositor at an insured depository institution maintains in a covered transaction account for a single period not to exceed 180 days.

"(2) IMPLEMENTATION.—The Corporation may implement the Program only if, upon the written recommendation of the Board of Directors (upon a vote of not less than two-thirds of the members of the Board of Directors) and the Board of Governors of the Federal Reserve System (upon a vote of not less than two-thirds of the members of such Board), the Secretary of the Treasury (in consultation with the President) determines that the failure to implement the program would have serious adverse effects on financial stability or economic conditions in the United States.

"(3) ELIGIBILITY.—An insolvent insured depository institution is not eligible to be enrolled in the Program.

"(4) FUNDING.—In implementing the Program, the Corporation may—

"(A) establish assessments on insured depository institutions that participate in the Program; and

"(B) use amounts available in the Deposit Insurance Fund.

"(5) EXTENSION.—The Corporation may extend the period described in paragraph (2) for an additional 90 days if—

"(A) the Board of Directors (upon a vote of not less than two-thirds of the members of the Board of Directors), the Board of Governors of the Federal Reserve System (upon a vote of not less than two-thirds of the members of such Board), and the Secretary (in consultation with the President) determines that the failure to extend such program would have serious adverse effects on financial stability or economic conditions in the United States; and

"(B) the Secretary of the Treasury submits to Congress a report containing data and analysis, including data and analysis from the Board of Directors and the Board of Governors of the Federal Reserve System, justifying such extension.

"(6) TESTIMONY.—Not later than 45 days after any implementation of the Program, the Chairperson of the Board of Directors, the Chairman of the Board of Governors of the Federal Reserve System, and the Secretary of the Treasury shall provide testimony to the Committee on Financial Services Committee of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing the data, analysis, and justification for implementing the Program.

"(7) GAO REPORT.—Not later than 90 days after any implementation of the Program, the Comptroller General of the United States shall submit to Congress a report describing the implementation of the Program.

"(8) COVERED TRANSACTION ACCOUNT DEFINED.—In this subsection, the term 'covered transaction account' means a transaction account that is non-interest bearing or that pays interest materially below prevailing market rates, as determined by the Corporation.

"(9) TERMINATION.—

"(A) IN GENERAL.—Any implementation of the Program shall terminate not later than 270 days after the date of implementation unless the Board of Directors (upon a vote of not less than two-thirds of the members of the Board of Directors) and the Board of Governors of the Federal Reserve System (upon a vote of not less than two-thirds of the members of such Board) submits to the Secretary of the Treasury a written recommendation to not terminate the program, and—

"(i) the Secretary of the Treasury—

"(I) submits to Congress a report containing data and analysis to justify not terminating the Program that includes data and analysis from the Board of Directors and the Board of Governors of the Federal Reserve System; and

"(II) requests approval from Congress to extend the Program for a specified period of time; and

"(ii) a joint resolution of approval is enacted to extend the Program.

"(B) PROCEDURES FOR JOINT RESOLUTION OF APPROVAL.—The procedures provided for congressional consideration of a joint resolution under section 1105(d) of the Dodd-Frank

Wall Street Reform and Consumer Protection Act shall apply to a joint resolution of approval described under subparagraph (A)(ii).''.

(b) INSURED CREDIT UNIONS.—Section 207 of the Federal Credit Union Act (12 U.S.C. 1787) is amended by adding at the end the following:

''(s) INSURANCE OF CERTAIN UNINSURED DEPOSITS TO PRESERVE FINANCIAL STABILITY.—

''(1) IN GENERAL.—The National Credit Union Administration Board may establish a program under which the Board fully insures the net amount in member accounts of an insured credit union that are covered transaction accounts for a single period not to exceed 180 days if, upon the written recommendation of such Board (upon a vote of not less than two-thirds of the members of such Board) and the Board of Governors of the Federal Reserve System (upon a vote of not less than two-thirds of the members of such Board), the Secretary of the Treasury (in consultation with the President) determines that the failure to establish such program would have serious adverse effects on financial stability or economic conditions in the United States.

"(2) ELIGIBILITY.—An insolvent insured credit union is not eligible to be enrolled in a program established under this subsection.

"(3) FUNDING.—To carry out a program under this subsection, the Board may—

"(A) establish assessments on insured credit unions that participate in such a program; and

"(B) use amounts available in the Fund.

"(4) EXTENSION.—The National Credit Union Administration Board may extend the period described in paragraph (1) for an additional 90 days if—

"(A) the National Credit Union Administration Board (upon a vote of not less than two-thirds of the members of such Board), the Board of Governors of the Federal Reserve System (upon a vote of not less than two-thirds of the members of such Board), and the Secretary of the Treasury (in consultation with the President) determines that the failure to extend such program would have serious adverse effects on financial stability or economic conditions in the United States; and

"(B) the Secretary of the Treasury submits to Congress a report containing data and analysis, including data and analysis from the Board of Directors and the Board of Governors of the Federal Reserve System, justifying such extension.

"(5) TESTIMONY.—Not later than 45 days after the establishment of a program under this subsection, the Chairman, the Chairman of the Board of Governors of the Federal Reserve System, and the Secretary of the Treasury shall provide testimony to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate describing the data, analysis, and justification for establishing the program under this subsection.

"(6) GAO REPORT.—Not later than 90 days after the establishment of a program under this subsection, the Comptroller General of the United States shall submit to Congress a report describing the establishment of such program.

"(7) COVERED TRANSACTION ACCOUNT DEFINED.—In this subsection, the term 'covered transaction account' means a transaction account that is non-interest bearing or that pays interest materially below prevailing market rates, as determined by the National Credit Union Administration Board.

"(8) TERMINATION.—

"(A) IN GENERAL.—A program established under this subsection shall terminate not later than 270 days after the date of establishment unless the Board (upon a vote of not less than two-thirds of the members of such Board) and the Board of Governors of the Federal Reserve System (upon a vote of not less than two-thirds of the members of such Board) submits to the Secretary of the Treasury a written recommendation to not terminate the program, and—

"(i) the Secretary of the Treasury—

"(I) submits to Congress a report containing data and analysis to justify not terminating the program that includes data and analysis from the Board and the Board of Governors of the Federal Reserve System; and

"(II) requests approval from Congress to extend the program for a specified period of time; and "(ii) a joint resolution of approval is enacted to extend the program.

"(B) PROCEDURES FOR JOINT RESOLUTION OF APPROVAL.—The procedures provided for congressional consideration of a joint resolution under section 1105(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act shall apply to a joint resolution of approval described under subparagraph (A)(ii).".

(c) MODIFICATION TO EXPEDITED PROCEDURES.—Section 1105(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5612(d)) is amended—

(1) by redesignating paragraph (4) as paragraph (5); and

(2) by inserting after paragraph (3) the following:

"(4) CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.—Upon receipt of a request under subsection (c), a joint resolution introduced in the House of Representatives in connection with such request shall be privileged.".

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