

he put into celebrating the work of our servicemen and women.

As a Representative from Cleveland, Ohio, I take great pride in the fact that the first city that Bob Hope moved to, his family moved to, when he came to the United States was the city of Cleveland. The city of Cleveland claims him as one of their favorite sons and has named a major bridge after him and celebrated his whole career during our bicentennial. We recognize that his contribution, though, belongs to the Nation as well as to our community. It is that way, I think, with Bob Hope's life in that so many parts of our Nation are grateful to the service that he has given to, to the joy he has brought into people's lives, through his unselfish approach, through his dedication to our country, and to the men and women who have served.

Mr. Speaker, when I was mayor of Cleveland, I had the privilege of meeting Bob Hope on many occasions, having had the opportunity to share very special moments with him and to see that this person whom we honor here this evening was warm, and is warm, and funny and is someone who had a view of life, and has a view of life, which really appreciates the beauty of life and the humor in life.

To Bob and Delores Hope, this is an important moment for both of you, because you have shared your marriage with this country and with the servicemen and women who have served America. In this moment when through the work of our colleagues your name is going to be on this special veterans memorial chapel, through this moment we show that we have not forgotten what you have done for our country and that you will always be remembered and that we join, each Member of this Congress, in celebrating your life as you look towards your 99th year.

In the Polish community in Cleveland, there is a phrase called *stolot* which, translated, is "May you live a hundred years and more." Bob, keep going strong. We love you. Thanks to you and Delores. Cleveland is glad to join in this special honor.

Mr. EVANS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SMITH of New Jersey. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from New Jersey (Mr. SMITH) that the House suspend the rules and pass the bill, H.R. 4592.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### SMALL BUSINESS ADVOCACY IMPROVEMENT ACT OF 2002

Mr. MANZULLO. Mr. Speaker, I move to suspend the rules and pass the

bill (H.R. 4231) to improve small business advocacy, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4231

*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 "Small Business Advocacy Improvement Act of 2002".

#### SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds the following:

(1) Excessive regulations continue to burden the Nation's small businesses.

(2) Federal agencies continue to propose regulations that impose disproportionate burdens on small businesses.

(3) An independent office of small business advocacy will help to ensure that Federal agencies are responsive to small businesses and that those agencies comply with their statutory obligations with respect to small businesses.

(4) The independence of an office that acts as an advocate for small businesses is essential to ensure that it can serve as an effective advocate without being restricted by the views or policies of the Small Business Administration or any other Federal executive branch agency.

(5) To be effective an office that acts as an advocate for small businesses needs sufficient resources to conduct creditable economic studies and research which are necessary for the maintenance of small business databases and for the accurate assessment of the impact of regulations on small businesses, the role of small business in the Nation's economy, and the barriers to the growth of small businesses.

(6) The research, information, and expertise provided by an independent office of small business advocacy will be a valuable source of information and advice for Congress and Federal agencies with which the office will work on behalf of small businesses.

(b) PURPOSES.—The purposes of this Act are—

(1) to ensure that there exists an entity that has the statutory independence and adequate financial resources to effectively advocate for and on behalf of small business;

(2) to require that such an entity report to the Chairmen and Ranking Members of the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate, and to the Administrator of the Small Business Administration in order to keep them fully and currently informed about issues and regulations affecting small business concerns and the necessity for corrective action by the regulatory agency or Congress;

(3) to provide a separate authorization for appropriations for such an entity; and

(4) to strengthen the role of the Small Business and Agriculture Regulatory Enforcement Ombudsman by ensuring greater cooperation between the Ombudsman and the Office of Advocacy of the Small Business Administration.

#### SEC. 3. APPOINTMENT OF CHIEF COUNSEL OF ADVOCACY.

(a) IN GENERAL.—Section 201 of Public Law 94-305 (15 U.S.C. 634a) is amended—

(1) by inserting "(a)" before "There is established";

(2) by striking the second sentence; and

(3) by adding at the end the following:

"(b) The management of the Office shall be vested in a Chief Counsel for Advocacy who shall be appointed from civilian life by the

President, by and with the advice and consent of the Senate, and who should be appointed without regard to political affiliation and on the basis of fitness to perform the duties of the office.

"(c) No individual may be appointed under subsection (b) if such individual has served as an officer or employee of the Small Business Administration during the 5-year period preceding the date of such individual's appointment.

"(d) Any Chief Counsel appointed after the date of the enactment of this subsection shall be paid at a rate not to exceed the rate of basic pay for level III of the Executive Schedule.

"(e) After the expiration of the term of a President, the Chief Counsel may continue to serve at the pleasure of the President for a period of not to exceed one year until such date as a successor to the Chief Counsel is nominated."

(b) INCUMBENT CHIEF COUNSEL FOR ADVOCACY.—The individual serving as the Chief Counsel for Advocacy of the Small Business Administration on the date of the enactment of this Act shall continue to serve in that position after such date in accordance with section 201 of Public Law 94-305 (15 U.S.C. 634a), as amended by this section.

#### SEC. 4. PRIMARY FUNCTIONS OF OFFICE OF ADVOCACY.

Section 202 of Public Law 94-305 (15 U.S.C. 634b) is amended—

(1) in paragraph (6) by striking "to minority enterprises" and inserting "to small business concerns owned and controlled by socially and economically disadvantaged individuals, to small business concerns owned and controlled by women, and to small business concerns owned and controlled by veterans";

(2) in paragraph (7) by striking "minority enterprises" and inserting "small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns owned and controlled by women, and small business concerns owned and controlled by veterans";

(3) in paragraph (8) by striking "minority and other small business enterprises" and inserting "small business concerns owned and controlled by socially and economically disadvantaged individuals, small business concerns owned and controlled by women, small business concerns owned and controlled by veterans, and other small businesses";

(4) in paragraph (9) by striking "complete" and inserting "compete";

(5) by striking paragraph (11);

(6) by redesignating paragraph (12) as paragraph (11);

(7) in paragraph (11) (as so redesignated)—

(A) by striking "serviced-disabled" and inserting "service-disabled"; and

(B) by striking the period at the end and inserting "and"; and

(8) by adding at the end the following:

"(12) make such recommendations and submit such reports as the Chief Counsel determines appropriate to the President, to the Chairmen and Ranking Members of the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate, and to the Administrator of the Small Business Administration, with respect to issues and regulations affecting small businesses and the necessity for corrective action by any Federal agency or by Congress."

#### SEC. 5. ADDITIONAL FUNCTIONS.

(a) IN GENERAL.—Section 203 of Public Law 94-305 (15 U.S.C. 634c) is amended—

(1) by inserting "(a)" before "The Office of Advocacy shall also perform"; and

(2) in subsection (a) (as so designated)—

(A) in paragraph (4) by striking “and” at the end;

(B) in paragraph (5) by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

“(6) maintain economic databases and make the information contained therein available to the Administrator of the Small Business Administration and to Congress;

“(7) carry out the responsibilities of the Chief Counsel under chapter 6 of title 5, United States Code; and

“(8) enter into a memorandum of understanding with the Small Business and Agriculture Regulatory Enforcement Ombudsman regarding methods and procedures for cooperation between the Ombudsman and the Office of Advocacy and transmit a copy of such memorandum to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate.”.

(b) APPROPRIATION REQUEST.—Section 203 of Public Law 94-305 (15 U.S.C. 634c) is further amended by adding at the end the following:

“(b)(1) For each fiscal year, the Chief Counsel shall transmit the Office of Advocacy’s appropriation estimate and request to the Office of Management and Budget, the Committee on Small Business of the House of Representatives, the Committee on Small Business and Entrepreneurship of the Senate, and the Committees on Appropriations of the House of Representatives and the Senate.

“(2) Each budget of the United States Government submitted by the President shall include a separate statement of the amount of appropriations requested for the Office of Advocacy.”.

#### SEC. 6. DEPUTY CHIEF COUNSELS AND REGIONAL ADVOCATES.

Section 204 of Public Law 94-305 (15 U.S.C. 634d) is amended—

(1) by inserting “(a)” before “In carrying out”; and

(2) by adding at the end the following:

“(b)(1) The Chief Counsel may appoint 2 individuals to serve as Deputy Chief Counsels.

“(2) Notwithstanding any other provision of this section, the pay rate for each Deputy Chief Counsel may not exceed the rate of basic pay for level III of the Senior Executive Service.

“(3) Individuals appointed to positions under this subsection shall not be counted toward the limitation contained in subsection (a)(1) regarding the number of individuals who may be compensated at a rate in excess of the lowest rate for GS-15 of the General Schedule.

“(c) The Chief Counsel may appoint regional advocates within each Standard Federal Region as appropriate. Such regional advocates shall—

(1) assist in examining the role of small business in the economy of the United States by identifying academic and other research institutions that focus on small business concerns and linking these research resources to research activities conducted by the Office of Advocacy;

(2) assist in representing the views and interests of small business concerns before Federal agencies whose policies and activities may affect small business;

(3) in coordination with the Small Business and Agriculture Regulatory Enforcement Ombudsman, assist the functioning of regional small business fairness boards;

(4) assist in enlisting the cooperation and assistance of public and private agencies, businesses, and other organizations in disseminating information about the programs and services provided by the Federal Government that are of benefit to small business concerns and the means by which small busi-

ness concerns can participate in or make use of such programs and services; and

“(5) carry out such duties pursuant to the mission of the Office of Advocacy as the Chief Counsel may assign.”.

#### SEC. 7. OVERHEAD AND ADMINISTRATIVE SUPPORT.

Section 205 of Public Law 94-305 (15 U.S.C. 634e) is amended by inserting before “Each department” the following:

“(a) The Administrator of the Small Business Administration shall provide the Office of Advocacy with appropriate and adequate office space at central and field office locations of the Administration, together with such equipment, office supplies, communications facilities, and personnel and maintenance services as may be necessary for the operation of such offices.

“(b)”.

#### SEC. 8. REPORTS.

Section 206 of Public Law 94-305 (15 U.S.C. 634f) is amended by striking “The Chief Counsel may” and all that follows through “on his activities.” and inserting the following:

“(a) Not less than annually, the Chief Counsel shall submit to the President, the Committee on Small Business of the House of Representatives, the Committee on Small Business and Entrepreneurship of the Senate, the Committee on Government Affairs of the Senate, the Committee on Government Reform of the House of Representatives, and the Committees on the Judiciary of the Senate and the House of Representatives, and the Administrator of the Small Business Administration a report on agency compliance with chapter 6 of title 5, United States Code.

“(b) In addition to the reports required by this title, the Chief Counsel may prepare and publish such other reports as the Chief Counsel determines appropriate.

“(c)”.

#### SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

Section 207 of Public Law 94-305 (15 U.S.C. 634g) is amended by striking “not to exceed \$1,000,000” and inserting “\$10,000,000 for fiscal year 2003, \$12,000,000 for fiscal year 2004, and \$14,000,000 for fiscal year 2005”.

#### SEC. 10. CONFORMING AMENDMENTS.

(a) EXECUTIVE PAY SCHEDULE.—Title 5, United States Code, is amended—

(1) in section 5314 by adding at the end the following:

“Chief Counsel for Advocacy, Small Business Administration.”; and

(2) in section 5315 by striking the following:

“Chief Counsel for Advocacy, Small Business Administration.”.

(b) RURAL TOURISM TRAINING PROGRAM.—Section 311 of the Small Business Administration Reauthorization and Amendments Act of 1990 (15 U.S.C. 653 note; 104 Stat. 2832) is amended by striking “Chief Counsel for Advocacy” and inserting “Administrator”.

(c) SMALL BUSINESS AND AGRICULTURE REGULATORY ENFORCEMENT OMBUDSMAN.—Section 30(b)(2) of the Small Business Act (15 U.S.C. 657(b)(2)) is amended—

(1) in subparagraph (D), by striking “and” at the end;

(2) in subparagraph (E), by striking the period and inserting “; and”; and

(3) by adding at the end the following:

“(F) enter into a memorandum of understanding with the Office of Advocacy regarding methods and procedures for cooperation between the Ombudsman and the Office of Advocacy.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois (Mr. MANZULLO) and the gentleman from New York (Ms.

VELÁZQUEZ) each will control 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. MANZULLO).

GENERAL LEAVE

Mr. MANZULLO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on this legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MANZULLO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, 2 weeks ago we celebrated National Small Business Week and the entrepreneurial spirit that makes this Nation great. Small business drives our Nation’s economy and the heart of our communities. Small businesses account for 99.7 percent of the Nation’s employers. Small businesses employ 53 percent of the private workforce and are responsible for over 50 percent of the private gross domestic product. During this time of economic uncertainty, it is important to remember that small businesses have pulled this Nation out of every downturn. Small businesses create about three-fourths of the new jobs in this country.

□ 1915

That is why it is critically important that we in Congress do all we can to foster the entrepreneurial spirit in America.

After all the festivities are over, it is especially important that we carry on the legacy of National Small Business Week throughout the year by strengthening and making the Office of Advocacy at the Small Business Administration more independent. Advocacy is a very small, but unique and dynamic, government office. Mr. Speaker, I encourage my colleagues that if you do not know too much about this office, it is time you became more familiar with its mission and its hard-working personnel.

Advocacy is staffed with public servants who truly have a heart for small business. It is a great resource, particularly for caseworkers that may not know to whom to turn in order to resolve a complex small business problem. It is one of the few offices in the executive branch that can take positions contrary to the administration on behalf of small business. Advocacy serves as an internal government watchdog in our regulatory process to make sure that the interests of small businesses are not ignored as agencies develop, propose and finalize their regulations.

Advocacy has concluded that Federal regulations cost small businesses about 60 percent more per employee than it costs large businesses. Compliance with regulations averages about \$7,000 per employee. That is a huge burden. The Regulatory Flexibility Act was passed in 1980 to require agencies to factor into their analysis the impact of

proposed regulations on small businesses prior to their implementation, and, if necessary, modify the proposal to soften the impact on small businesses.

Last March the President gave a historic address before our Nation's women entrepreneurs. The President said, "Every agency is required to analyze the impact of new regulations on small businesses before issuing them. That is an important law. The problem is it is oftentimes being ignored. The law is on the books; the regulators don't care that the law is on the books. From this day forward, they will care that the law is on the books."

The main mission of the Office of Advocacy is to carry out the President's vision by making sure that all regulators finally take seriously the obligations contained in the Regulatory Flexibility Act to respect the interests of small business. Part of the President's small business agenda is to enhance the Office of Advocacy.

The bill before us today strengthens and improves the office to ensure that there is an entity within the executive branch that has the statutory independence and adequate financial resources to be an effective fighter for small business. Many small business groups, including the National Federation of Independent Business, the Small Business Legislative Council, the U.S. Chamber of Commerce, National Small Business United and the National Association for the Self-Employed have endorsed this bill.

The Small Business Advocacy Improvement Act raises the rank of the Chief Counsel for Advocacy one level in the executive service schedule to be on par with many of his colleagues in other agencies. The legislation would permit the appointment of two deputy chief counsel, one responsible for regulations, the other for economic research and studies. The bill also defines for the first time the duties of regional advocates, one at each of the 10 Federal regions. The SBA is also required to provide adequate office space, equipment, and personnel to the Office of Advocacy.

In addition, this legislation encourages more cooperation and coordination through a memorandum of understanding between the SBA's Office of Ombudsman, which oversees how Federal agencies implement regulations after they are adopted, and the Office of Advocacy, which aims to make proposed regulations more friendly to small businesses prior to their final adoption.

Most importantly, this bill protects the budget of the Office of Advocacy by allowing Congress to see the chief counsel's initial budget request to the Office of Management and Budget. Unfortunately, Advocacy has been threatened in the past with budget cuts unless the chief counsel changed his policy with respect to small business to be more in line with the administration. This provision is crucial to maintain-

ing the independence of the Office of Advocacy, because, without it, other executive branch agencies could threaten its budget to influence a particular course of action. This bill would shed light on that practice in order to put enough pressure to end it.

Finally, the legislation authorizes modest increases in the budget of the Office of Advocacy over the next 3 years in order to increase its role and visibility within the executive branch to advocate for and on behalf of small businesses.

Mr. Speaker, I want to thank the ranking minority member, the gentlewoman from New York (Ms. VELÁZQUEZ), for working with me over the past 14 months on this issue. I urge my colleagues to support the Small Business Advocacy Improvement Act.

Mr. Speaker, passage of this bill is particularly appropriate today, shortly after National Small Business Week, because H.R. 4231 will produce untold benefits for our small business constituents for years to come.

Mr. Speaker, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, even though small businesses serve as the engine of the economy, the critical role they play is often overlooked during the development and implementation of Federal policies. This oversight often results in a myriad of problems and regulations that have little benefit, or, in some cases, negative impact on this Nation's small businesses.

To make sure small business has a voice in the Federal Government, Congress created the Small Business Administration Office of Advocacy 25 years ago to defend, strengthen and represent small businesses in the legislative and executive rule-making process. To accomplish this, Advocacy, and in particular the chief counsel, has the unique power to take positions that are contrary to the administration. This ability to "call them as he sees them" allows Advocacy to put aside much of the partisan tone that all too often creeps into policy, and has just one standard: is it good for this Nation's small businesses?

Under this charge, the Office of Advocacy works to reduce legal and regulatory mandates that disproportionately burden small businesses. By bringing together Federal agencies, small businesses and interest groups, Advocacy then attempts to reach a mutually beneficial consensus. The result is an improved regulation that reduces regulatory and paperwork burdens so that small businesses can get back to the work they do best.

In addition, Advocacy highlights policies that support the development and growth of small businesses and produces studies and research aiding legislators and rule-makers in the decisions that affect small businesses.

As the complexity of Federal regulations has increased, so has the need to

ensure that Advocacy's independent voice is in no way muffled. To do its job and do it well, Advocacy must point out problems and shortcomings of administration policy, not a particularly popular job to have, but a critical one. This often pits them against agencies and many times opposes the Office of Management and Budget, the very agency that sets Advocacy's funding levels each year.

Criticizing the very entity that holds its fate could compromise Advocacy's ability to be truly independent. Given the recent mishandling by OMB of such matters as the SBA loan program subsidy rates and size standards for disaster assistance, shielding Advocacy from OMB's heavy hand is more important than ever.

To that end, the Committee on Small Business provided the Office of Advocacy the ability to submit its own budget to Congress in our original bill. Unfortunately, this critical guarantee of Advocacy's independence has been removed from the final version under consideration today. I find this curious. The Office of Advocacy already submits testimony, correspondence and reports to Congress without any vetting by the administration. It only makes sense that this independence should be extended to the budget it submits to Congress. The power of a subordinate agency to submit a budget item is not without precedent. Currently, FDIC and the International Trade Commission, among others, submit their budget without change.

Testimony by experts before our hearings, committee reports and surveys of small business interest groups have all influenced the bipartisan proposal to secure Advocacy's independence. In fact, all the business groups supported the bill as it was reported by the committee, not as it was amended. We know that OMB's current budgetary power over the Office of Advocacy can hurt, co-opt or weaken the office, which will be less likely to raise issues with OMB that directly harm small businesses.

We should have retained the original language of this bill. I am afraid today's proposal is not a step forward, but a step back, in the drive to protect small businesses from disproportionate government regulations and compliance burdens. The Office of Advocacy has been successful because we have given it the flexibility to work with agencies to find creative solutions to the problems facing this country's small businesses.

Small businesses are powerful creators of growth and jobs, something to keep in mind as our unemployment rate peaks at 6 percent. The Office of Advocacy is a strong voice for small business, and we can make it stronger so that small businesses can get back to work. We should be strengthening it, not weakening it, as this legislation does today.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. MANZULLO. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Illinois (Mr. MANZULLO) that the House suspend the rules and pass the bill, H.R. 4231, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

**EXTENDING AUTHORITY OF EXPORT-IMPORT BANK UNTIL JUNE 14, 2002**

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4782) to extend the authority of the Export-Import Bank until June 14, 2002.

The Clerk read as follows:

H.R. 4782

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

**SECTION 1. EXTENSION OF EXPORT-IMPORT BANK.**

Notwithstanding the dates specified in section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f) and section 1(c) of Public Law 103-428, the Export-Import Bank of the United States shall continue to exercise its functions in connection with and in furtherance of its objects and purposes through June 14, 2002.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

**GENERAL LEAVE**

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4782.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this legislation is a simple extension of the authority of the Export-Import Bank until June 14, 2002. Mr. Speaker, this is a rather routine extension. The conference committee is meeting literally as I speak, and we would hope to have a bill to the floor. But in case we do not, it is important that the activities of the Export-Import Bank maintain until June 14. I ask that the House would pass this.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I concur in the remarks of my friend, the gentleman from Ohio (Mr. OXLEY). The conferees are meeting as we speak, but it might be very dif-

ficult to come to conclusion and bring a conference report to the floor before there is a recess, especially since I understand we might be recessing tomorrow evening. Since the legislation we passed last time expires on May 31 of this month, I think it is prudent for us to pass this resolution now, extending it until June 14.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

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Mr. OXLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Ohio (Mr. OXLEY) that the House suspend the rules and pass the bill, H.R. 4782.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

**FEDERAL DEPOSIT INSURANCE REFORM ACT OF 2002**

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3717) to reform the Federal deposit insurance system, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3717

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

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) SHORT TITLE.—This Act may be cited as the “Federal Deposit Insurance Reform Act of 2002”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Merging the BIF and SAIF.
- Sec. 3. Increase in deposit insurance coverage.
- Sec. 4. Setting assessments and repeal of special rules relating to minimum assessments and free deposit insurance.
- Sec. 5. Replacement of fixed designated reserve ratio with reserve range.
- Sec. 6. Requirements applicable to the risk-based assessment system.
- Sec. 7. Refunds, dividends, and credits from Deposit Insurance Fund.
- Sec. 8. Deposit Insurance Fund restoration plans.
- Sec. 9. Regulations required.
- Sec. 10. Studies of FDIC structure and expenses and certain activities and further possible changes to deposit insurance system.
- Sec. 11. Technical and conforming amendments to the Federal Deposit Insurance Act relating to the merger of the BIF and SAIF.
- Sec. 12. Other technical and conforming amendments relating to the merger of the BIF and SAIF.

**SEC. 2. MERGING THE BIF AND SAIF.**

(a) IN GENERAL.—

(1) MERGER.—The Bank Insurance Fund and the Savings Association Insurance Fund shall be merged into the Deposit Insurance Fund.

(2) DISPOSITION OF ASSETS AND LIABILITIES.—All assets and liabilities of the Bank Insurance Fund and the Savings Association Insurance Fund shall be transferred to the Deposit Insurance Fund.

(3) NO SEPARATE EXISTENCE.—The separate existence of the Bank Insurance Fund and the Savings Association Insurance Fund shall cease on the effective date of the merger thereof under this section.

(b) REPEAL OF OUTDATED MERGER PROVISION.—Section 2704 of the Deposit Insurance Funds Act of 1996 (12 U.S.C. 1821 note) is repealed.

(c) EFFECTIVE DATE.—This section shall take effect on the first day of the first calendar quarter that begins after the end of the 90-day period beginning on the date of the enactment of this Act.

**SEC. 3. INCREASE IN DEPOSIT INSURANCE COVERAGE.**

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

(1) by striking subparagraph (B) and inserting the following new subparagraph:

“(B) NET AMOUNT OF INSURED DEPOSIT.—The net amount due to any depositor at an insured depository institution shall not exceed the standard maximum deposit insurance amount as determined in accordance with subparagraphs (C), (D), (E) and (F) and paragraph (3).”; and

(2) by adding at the end the following new subparagraphs:

“(E) STANDARD MAXIMUM DEPOSIT INSURANCE AMOUNT DEFINED.—For purposes of this Act, the term ‘standard maximum deposit insurance amount’ means—

“(i) until the effective date of final regulations prescribed pursuant to section 9(a)(2) of the Federal Deposit Insurance Reform Act of 2002, \$100,000; and

“(ii) on and after such effective date, \$130,000, adjusted as provided under subparagraph (F).

“(F) INFLATION ADJUSTMENT.—

“(i) IN GENERAL.—By April 1 of 2005, and the 1st day of each subsequent 5-year period, the Board of Directors and the National Credit Union Administration Board shall jointly prescribe the amount by which the standard maximum deposit insurance amount and the standard maximum share insurance amount (as defined in section 207(k) of the Federal Credit Union Act) applicable to any depositor at an insured depository institution shall be increased by calculating the product of—

“(I) \$130,000; and

“(II) the ratio of the value of the Personal Consumption Expenditures Chain-Type Index (or any successor index thereto), published by the Department of Commerce, as of December 31 of the year preceding the year in which the adjustment is calculated under this clause, to the value of such index as of the date this subparagraph takes effect.

“(ii) ROUNDING.—If the amount determined under clause (i) for any period is not a multiple of \$10,000, the amount so determined shall be rounded to the nearest \$10,000.

“(iii) PUBLICATION AND REPORT TO THE CONGRESS.—Not later than April 5 of any calendar year in which an adjustment is required to be calculated under clause (i) to the standard maximum deposit insurance amount and the standard maximum share insurance amount under such clause, the Board of Directors and the National Credit Union Administration Board shall—

“(I) publish in the Federal Register the standard maximum deposit insurance