

□ 1030

EXTENDING CONGRATULATIONS
TO PEOPLE OF CALIFORNIA ON
ELECTION OF ARNOLD
SCHWARZENEGGER AS GOV-
ERNOR

(Mr. DREIER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I arise to extend congratulations to the people of California and our next Governor, Arnold Schwarzenegger.

California has undergone some extraordinary turmoil in the last several months and years, and we have gone through a process that led last night to a victory for Mr. Schwarzenegger by a margin of 1 million votes. But, as has been pointed out by many, now the real work begins.

I want to extend hearty congratulations to Governor Gray Davis, who provided an extraordinary concession speech last night, recognizing the will of the people of California.

I believe that as this real work begins, proceeding with this important transition process to the Schwarzenegger administration, it will be important, and it is especially important for the people of California as we seek to bring back the kind of job creation and economic growth machine that is absolutely necessary to improve the quality of life for all.

So, I extend thanks to Governor Davis for his two decades of public service to the people of California, thanks to him, Mr. Speaker, for his gracious remarks, and hearty, hearty congratulations to all the people of California and to Governor-elect Schwarzenegger.

CONFERENCE REPORT ON H.R. 1474,
CHECK CLEARING FOR THE 21ST
CENTURY ACT

Mr. OXLEY. Mr. Speaker, pursuant to the order of the House of October 7, 2003, I call up the conference report on the bill (H.R. 1474) to facilitate check truncation by authorizing substitute checks, to foster innovation in the check collection system without mandating receipt of checks in electronic form, and to improve the overall efficiency of the Nation's payments system, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. DUNCAN of Tennessee). Pursuant to rule XXII, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of October 1, 2003, at page H9083.)

The SPEAKER pro tempore. The gentleman from Ohio (Mr. OXLEY) and the gentleman from Tennessee (Mr. FORD) each will control 30 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 on the conference report to accompany H.R. 1474.

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 5 minutes.

Mr. Speaker, I rise today in support of the conference report for H.R. 1474, the Check Truncation for the 21st Century Act, or Check 21, as it has come to be known. I want to thank the gentleman from Pennsylvania (Ms. HART) and the gentleman from Tennessee (Mr. FORD) for guiding this bill through the House, and the subcommittee chairman, the gentleman from Alabama (Mr. BACHUS), the ranking member, the gentleman from Massachusetts (Mr. FRANK) and the gentleman from Ohio (Mr. TIBERI) for their substantive input into this process. Also, I would like to thank Chairman SHELBY for a smooth conference process.

After the September 11 terrorist attacks, domestic flights were suspended, preventing millions of checks from physically moving through the payment system. The Federal Reserve was forced to take emergency action to continue the movement of checks around the country.

The Committee on Financial Services responded to the terrorist attacks with legislation aimed at shutting off terrorist financing, getting our financial markets open and operating and providing businesses with protection from future losses from terrorist attacks.

Check 21 is another important effort by our committee to protect the payment system in times of national emergency by ensuring that checks will continue to be processed through the payment system with limited interruption. We must ensure that our banking system operates as efficiently as possible, while preserving safety and soundness.

Check 21 achieves these goals by improving our payment system and encouraging the electronic movement of checks across the country. At the same time, this measure benefits consumers by maintaining current protections in the payment system and ensuring that consumers have the ability to retrieve improperly debited funds and are given information on the operation of this new system. Check 21 grants banks useful tools to improve the delivery of services to their customers and expedite the flow of funds through the system.

Finally, I want to point out that the conferees included provisions in this conference report which will address concerns of the Federal Reserve and the Treasury Department relating to currency collateralization and compensating balances.

Mr. Speaker, this is an excellent bill that deserves the support of all of my colleagues, and I urge everyone to cast

an "aye" vote on the conference report.

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

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

Mr. Speaker, it is always good to see a gentleman from Tennessee in the Speaker's Chair. I thank the gentleman from Ohio (Chairman OXLEY) for his leadership on this and many other issues. I also thank the gentleman from Massachusetts (Mr. FRANK) for his leadership, not only on this set of issues, but the way in which he and the gentleman from Ohio (Chairman OXLEY) worked together and the way he leads our side on all of the critical issues that come before the committee.

Mr. Speaker, let me thank the gentleman from Pennsylvania (Ms. HART) and my friend, the gentleman from New Jersey (Mr. FERGUSON). I rise in support, obviously, of this Check 21 conference report. Both the gentleman from Pennsylvania (Ms. HART) and the gentleman from New Jersey (Mr. FERGUSON) were key and original sponsors of the legislation, and it was a pleasure to work with both of them.

I also want to thank the gentleman from Alabama (Chairman BACHUS), again, the gentleman from Ohio (Chairman OXLEY), the gentleman from Massachusetts (Mr. FRANK) and the gentleman from Vermont (Mr. SANDERS) for their stewardship of this bill through the committee and the conference with the Senate. I had my chance to serve on my first conference committee. I did not say anything. If that is the standard for getting things done like you want, I will be happy to follow that from here on out.

As I say, this is a good bill for all of my colleagues in the Congress. I might add, from a consumer perspective, it is probably one of the more important pieces of legislation to come out of this committee and in this session.

The intent of Check 21, as the gentleman from Ohio (Mr. OXLEY) indicated, is very simple: It is to modernize the Nation's check payment system and enable it to keep pace with new technologies. Check 21 will bring the benefits of new technologies to more consumers, while strengthening our financial system.

In recent years, the financial system of this country has undergone tremendous change. Technology has brought the world closer together and accelerated speed of business. Millions of dollars can flow across the continent and across oceans with the click of a mouse. Consumers and businesses are making increasing use of credit cards, debit cards, direct deposits, electronic funds transfers and other electronic forms of payment.

At the same time, checks remain a vital and extremely popular form of payment. Millions of Americans rely on checks to pay house rent, monthly bills, groceries and many other kinds of purchases and expenses. This year, upwards of 60 billion checks will be written in the United States.

According to the Federal Reserve Board, the volume of checks peaked in the 1990s and checks will remain an indispensable part of our financial system and our economy for decades to come.

Check 21 will bring the check payment system into the 21st Century, and, in doing so, help preserve the institution of the check by creating more efficiencies. By making check processing more efficient and more cost-effective on the back end, we can make sure more consumers, particularly seniors in this country, have the option of writing checks on the front end.

Here is how Check 21 works. It unleashes innovation by removing legal obstacles to check truncation. Check truncation is when information on a paper check is captured off the check and delivered electronically, instead of the paper check being presented physically. Through check truncation, paper checks are rendered into zeros and ones, digital signals which can move through the payments system at digital speeds.

In crafting this bill, my colleagues and I shared the goals articulated by the Fed when it drafted the Check Truncation Act. We wanted to find a way to facilitate check truncation and foster innovation without mandating the receipt of checks in electronic form.

It is important that banks, businesses and consumers continue to have the option of accepting checks in paper form. Check 21 accomplishes this by establishing a new negotiable instrument, a substitute check with the same legal status as original checks. These substitute checks would contain a two-faced image of the original check. They would include the magnetic code at the bottom, so that any bank can process them, using existing equipment, and conform to standards for size, paper stock and the like. These substitute checks can be used by banks and consumers in the same way as original checks.

So why is check truncation a good thing? The gentleman from Ohio (Mr. OXLEY) has spoken to it already. But according to Roger Ferguson, the Vice Chairman of the Federal Reserve, check truncation "reduces the number of times a check must be physically processed and shipped. As a result, check truncation is generally more efficient, more cost-effective, less prone to processing errors and fraud." It sounds like a good thing for consumers.

I might add that with the help of many of our colleagues on the committee, particularly the gentleman from North Carolina (Mr. WATT), as well as the gentleman from Alabama (Mr. DAVIS), we were able to address some of the concerns raised by consumers related to consumer protections and trying to ensure that all of the protections provided in the Uniform Commercial Code would indeed be afforded to consumers under this bill.

I have a long statement which my staff put together, an exhaustive state-

ment. The gentleman from Ohio (Mr. OXLEY) has pretty much walked through all of these issues.

Mr. Speaker, I rise in support of the conference report on the Check 21 Act, which I was proud to introduce with the gentlelady from Pennsylvania, Ms. HART, and the gentleman from New Jersey, Mr. FERGUSON.

I want to thank Chairman BACHUS, Chairman OXLEY, and Ranking Members FRANK and SANDERS for their stewardship of this bill through the Financial Services Committee and the conference with the Senate. This is a good bill that has gotten stronger from a consumer perspective, and I would urge my colleagues' support.

The intent of Check 21 is simple—to modernize the Nation's check payment system and enable it to keep pace with 21st century technology. Check 21 will bring the benefits of new technologies to more consumers while strengthening the financial system, which is the very lifeblood of our economy.

In recent years, our financial system has undergone tremendous changes. Technology has brought the world closer together and accelerated the speed of business. Millions of dollars can flow across the continent and across oceans with the click of a mouse. Consumers and businesses are making increasing use of credit cards, debit cards, direct deposits, electronic funds transfers, and other electronic forms of payment.

At the same time, checks remain a vital and extremely popular form of payment. Millions of Americans rely on checks to pay house notes, monthly bills, groceries—and countless other kinds of purchases and expenses. This year, upwards of 60 billion checks will be written in the United States. According to the Fed, the volume of checks peaked in the 1990s—but checks will remain an indispensable part of our financial system and our economy for decades to come.

Check 21 will bring the check payment system into the 21st century, and in so doing, help preserve the institution of the check. By making check processing more efficient and more cost-effective on the back end, we can make sure more consumers have the option of writing checks on the front end.

The technology to make the check system more efficient exists, and is already in use. But the legal framework behind the check payment system has not kept up with technological advances. Under today's system, millions of paper checks are physically transported every night, by ground and by air. Checks move from the bank to which they are deposited, to any number of intermediary banks, check processors, and/or the Federal Reserve, then are sent to the paying bank, and finally, in some cases, back to the person who wrote the check.

The problem is that under current law, unless a bank enters an agreement with another bank to process payments electronically, the banks must physically exchange the original paper checks. This outdated legal framework can only be described as clumsy and inefficient. It's unnecessarily slow, and it prevents millions of consumers from realizing the benefits of new technologies.

Another weakness of the current system—one with potentially severe consequences for the economy—was exposed on September 11, 2001. When the Nation's aviation system was grounded in those harrowing hours and

days after the terrorist attacks, millions of checks could not reach their destination. The Nation's payment system ground to a temporary halt.

Fortunately, due to the swift response of the Federal Reserve, banks all across the Nation, and the companies that transport checks, the 9/11 attacks did not cause major disruptions in the financial system. But 9/11 demonstrated that our check payment system is vulnerable to physical catastrophes—not only terrorist attacks but also natural disasters.

Check 21 unleashes innovation by removing legal obstacles to check truncation. The name "check truncation" is industry jargon, so let me try to explain what it is—and why it's a good thing. Check truncation is when the information on a paper check is captured off the check and delivered electronically—instead of the paper check being presented physically. Through check truncation, paper checks are rendered into zeros and ones—digital signals which can move through the payments system at digital speeds.

In crafting this bill, my colleagues and I shared the goals articulated by the Fed when it drafted the Check Truncation Act, which this bill is largely based on. We wanted to find a way to facilitate check truncation and foster innovation "without mandating the receipt of checks in electronic form. . . ." It is important that banks, businesses, and consumers continue to have the option of accepting checks in paper form.

Check 21 accomplishes this by establishing a new negotiable instrument, a "substitute check," with the same legal status as original checks. These substitute checks would contain a two-faced image of the original check. They would include the magnetic code at the bottom so that any bank could process them using existing equipment. And they would conform to standards for size, paper stock, and the like. These substitute checks can be used by banks and consumers in the same way as original checks.

So why is check truncation a good thing? According to Roger Ferguson, Vice Chairman of the Federal Reserve, check truncation "reduces the number of times the check must be physically processed and shipped. As a result, check truncation is generally more efficient, more cost effective and less prone to processing errors and fraud."

Check 21 is a strongly pro-consumer bill. Consumers will benefit in a number of ways.

First, Check 21 will promote efficiency in the banking system by lessening the need for the physical transportation of checks, which is costly and resource-intensive. As banks compete for their business, consumers will benefit from lower costs and expedited services.

Second, banks will be enabled to compete with each other to offer new products and services, such as online access and review of check images, which gives consumers instant access to their checks, day or night. If a consumer makes an inquiry about a check, his or her bank's customer services representatives will be able to access and review the check instantly. This can sharply reduce the time for customer inquiries.

Millions of consumers already enjoy these services, including members of the Congressional Federal Credit Union here on Capitol Hill, as well as credit unions in communities across the country. Credit unions have had check truncation for two decades and by all accounts it has been a great success.

Consumers may also benefit from more deposit options. Because electronic processing could eliminate the need for daily physical pick-up of checks, consumers could enjoy extended deposit cutoff hours and deposit services at ATMs in remote or underserved urban and rural areas.

Third, this streamlined system will reduce the disruptions caused by bad checks. By speeding up the check clearing system, individuals will be notified faster if their check—or checks written to them—have not cleared. This will reduce the likelihood that a single bounced check will result in a “chain reaction” of bounced checks.

Fourth, Check 21 establishes a new and important consumer protection—an expedited recredit for contested substitute checks. A consumer who raises a dispute because a check that has been rendered into a substitute has been improperly charged to his account will receive a recredit within 10 business days, for amounts up to \$2,500. This “right of recredit” is an important part of this bill.

Although the House and Senate bills were structurally similar, the conference report reconciles some important differences. And in each case, the conference adopted the pro-consumer position.

The conference report adopts the Senate language on the timing of the recredit procedure. Consumers will have 40 days to submit claims for recredit, as opposed to 30 days in the original House bill. Consumers facing extenuating circumstances will have that period extended “for a reasonable amount of time,” rather than 30 days in the House bill. The conference report retains the language of an amendment that Mr. DAVIS of Alabama introduced in Committee, which stipulated that the consumer need not currently be in possession of the substitute check to enjoy the right of expedited recredit.

The conference report adopts the House language requiring banks to describe the process of check substitution for all new and existing customers. In the Senate bill, this consumer notice would expire after three years. The conference report makes it permanent.

The conference report includes language requiring the Federal Reserve Board to publish data regarding the costs and revenue of transporting checks. I would like to commend the Fed and the transportation company AirNet for helping to negotiate this compromise language.

Finally, the House bill would have gone into effect 18 months after enactment—the conference report adopts the Senate position of a 12-month effective date.

In conclusion, Check 21 will make our payments system stronger and more efficient. In so doing, it will protect our economic security and promote economic growth. I am proud to have introduced Check 21 with Ms. HART and Mr. FERGUSON. I respectfully urge my colleagues’ support for this bipartisan, common-sense, pro-consumer bill.

Mr. Speaker, I yield such time as he may consume to my friend, the gentleman from Texas (Mr. HINOJOSA).

Mr. HINOJOSA. Mr. Speaker, I want to thank my good friend and colleague from the great State of Tennessee for yielding time.

Mr. Chairman, I wish to echo the accolades given to leaders on both sides of the aisle who made it possible to get

H.R. 1474 to this point in the process. In particular I wish to acknowledge and thank the gentleman from Ohio (Chairman OXLEY) and the ranking member, the gentleman from Massachusetts (Mr. FRANK).

Mr. Speaker, I rise in strong support for the conference report to accompany H.R. 1474, the Check Clearing for the 21st Century Act. I cosponsored virtually identical legislation last Congress, and I am glad to be an original cosponsor of H.R. 1474 this year and to support this conference report.

Under current law, a bank may clear checks electronically only if it has entered into an agreement with another bank. H.R. 1474 would facilitate the use of check truncation by removing this requirement. This legislation authorizes, but does not mandate, banks to create an electronic image of a check, which can then be sent to another bank, eliminating the physical transfer of the original check.

Recognizing that not all banks have the ability to send electronic transmission of a check, the conference report on H.R. 1474 authorizes the creation of substitute checks for payment. This substitute check would be used in place of the original paper check, and it would be a negotiable instrument. Banks that create an electronic check will be able to create a substitute check and use that for presentment to a bank that has not upgraded its system to accept electronic checks.

This conference report recognizes that there are several levels of consumer protections already. However, the bill would establish warranty and indemnification provisions to protect against any losses involved with the use of substitute checks. A consumer could make a written claim for recredit within 40 days of the date of receiving a periodic statement or the date the substitute check is made available to the customer, whichever date is later.

The customer could also submit a warranty claim on the substitute check if the production of the original check or better copy of the original check is necessary to determine the validity of a disputed claim.

To its credit, the conference report on H.R. 1474 would require banks to provide to existing customers and to new account holders a brief notice about the use of substitute checks and a description of the consumer’s right to recredit for improper payment.

Mr. Speaker, there are many more provisions of this conference report that I support and could discuss, but will refrain from doing so at this time.

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Mr. OXLEY. Mr. Speaker, I am pleased to yield 5 minutes to the gentleman from Alabama (Mr. BACHUS), the chairman of the Subcommittee on Financial Institutions.

Mr. BACHUS. Mr. Speaker, this legislation is just the latest example of legislation which has moved through the

Committee on Financial Services this year. Like deposit insurance reform, like the Fair Credit Reporting Act, like other legislation, it would not have been possible without the leadership of the chairman of this committee, the gentleman from Ohio (Mr. OXLEY). I think that there is probably not a Member of this body who would not agree that he has served in an outstanding manner and has had more success than I can remember in the 10 years I have served on the committee. So this is a salute to his leadership.

I also want to thank the gentleman from Massachusetts (Mr. FRANK), the ranking member on the other side, who has worked very closely with the chairman.

With this particular legislation we have been very fortunate on our side, because of the gentleman from New Jersey (Mr. FERGUSON) and the gentlewoman from Pennsylvania (Ms. HART), who is the sponsor of this legislation and will address some of the particulars of it, who are very knowledgeable Members, very active Members. The gentleman from Tennessee (Mr. FORD) has done an outstanding job on his side.

As my colleague, the gentleman from Alabama (Mr. DAVIS), said when this bill came up for debate on the House floor, this is a good bill for consumers, and it is a good bill for the industry. We had the support of various consumer groups. Consumers Union, Consumers Federation of America, United States Public Interest Research Group, and the industry worked very hard on this bill. And I think it is a tribute to what a fine piece of legislation we have that we actually had a recorded vote on this with 429 Members voting “yes” and no Members voting “no.”

The gentleman from Tennessee (Mr. FORD) mentioned the staff when this bill came up before. Those on the Democratic side that contributed: Kevin Swab, Jaime Lizarraga, and Jim Wert worked very hard with the gentleman from Tennessee (Mr. FORD) and the gentlewoman from Pennsylvania (Ms. HART), from legislative counsel. On our side we had Kevin MacMillan who sort of led the effort, Hugh Halpern, Dina Ellis, Jim Clinger, Carter McDowell, Karen Lynch, and also, of course, Bob Foster. The gentleman from Ohio (Mr. OXLEY) is to be saluted again for assembling such a wonderful staff as worked on this bill.

Let me just conclude by saying that what this bill does, to me, more than anything else, and the most significant thing about it, it makes America more competitive in the world market. It makes our economy stronger; it makes our economy better. By making our economy stronger, by making it better, by making it more efficient, it is a job which I think will encourage job formation in America. It will keep jobs from migrating overseas.

Today we have a law that has been on the books for 100 years, and this is the first year that we have actually made

significant changes to the way that we treat checks. Today, checks are returned to the bank that they were originally drawn on. When this legislation comes into being, we will basically update that law 100 years. The technology has really been here for 20 and 30 years to have done this, but the bipartisan effort and the leadership to get this bill has not been here. But today, they come together. The Senate has worked with the House, Democrats with the Republicans, and today we will bring our banking system, our transfer of checks into the 21st century.

Let me conclude by saying we have done this and we have also added new consumer protections that go beyond present law. We have done all of that, and we have done it in a unanimous, cooperative spirit.

So Mr. Speaker, this bill deserves the support of each and every Member of this body.

Mr. Speaker, present law requires that checks be returned to the bank where they were originally drawn, and that way of doing business has basically been the law and the procedure in this country for over 100 years. We have technology now that makes something else possible, and that is electronic transfer, as opposed to transfer of the paper check.

What we have in our country today is an antiquated process, which is also a tedious process, which each day involves as many as 10 to 12,000 cars, trucks and airplanes returning checks when none of this is necessary.

The credit unions some 20 years ago went away from this process. They have had zero consumer complaints. The largest banks have made agreements between banks, and they have gone away from this process; but today, two-thirds of the checks still are processed in this outdated manner.

What this House has done in a bipartisan way is take a bill that has been cosponsored by two of our most able Members, the gentleman from Pennsylvania (Ms. HART) and the gentleman from Tennessee (Mr. FORD), very aware of this issue, very knowledgeable on the issue, they have drafted this bill. The committee has looked at the bill. We have made changes to protect the consumer, slight changes. The bill as it exists today has been endorsed by the Federal Reserve, all the regulators, all the financial institutions involved, all the trade groups, consumer groups. It is a model for what this House can do when it puts aside its differences and works together for the good of the Nation as a whole.

This bill is good for customers. This bill is good for consumers. This bill is good for the economy.

We have talked about little things such as airport congestion, how this will help address that, congestion on the roadway, our energy dependence.

I want to commend, in closing, the gentleman from Ohio (Mr. OXLEY), who has made this one of his three goals for this year to move this legislation; the gentleman from Massachusetts (Mr. FRANK), the ranking member, who identified this as necessary legislation.

My colleagues may say, well, this ought to be simple. For 20 years we tried to reform our check-clearing process. We have not been

able to do it until this moment. This House today I think will take a historic step in making us more competitive in the world economy by bringing our check-clearing system up to a model for the world.

Mr. Speaker, I commend the gentleman from Tennessee (Mr. FORD) and the gentleman from Pennsylvania (Ms. HART).

Mr. FORD. Mr. Speaker, I yield such time as he may consume to our ranking member, the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Speaker, I am very pleased to be here to support this bill. It is a good example of what the Committee on Financial Services can do when it is allowed to work out legislative matters in a cooperative way, as we have done here. I am particularly pleased with the work done by two of the younger Members on our side, the gentleman from Tennessee (Mr. FORD), who is managing this bill here, because that is a reflection of the initiatives he has taken, and also as the gentleman from Alabama, the chairman of the subcommittee, was gracious enough to mention, his Alabama colleague, the gentleman from Alabama (Mr. DAVIS), has also played a major role.

What we have here is what ought to be the model and, I am pleased to say, has for much of this year been the model for legislation coming from our committee, which is a recognition of the importance of the market, a recognition that we have a responsibility to structure the rules so that the capitalist system can function to its maximum but, at the same time, recognizing that there will be issues that will not be resolved purely by the working of the market. We add protections for consumers. We add measures that deal with social concerns in ways that do not interfere with the market. I think that is our job. Our job is to recognize that the market is a wonderful mechanism for creating wealth, it does not do everything, and that we have a responsibility to add to those market mechanisms things that will deal with other issues, but in ways that will not detract from the functioning of the market.

In this bill we allow the banks to do the check truncation that will greatly promote efficiency. Consumers who have a need for copies of their checks can get them. There is the recredit provision that has already been described. So I am very proud that we have here, as I said, a model of what we ought to be doing; a measure which allows, and basically this is what we are doing, we are updating the basic law so that the private sector can take full advantage of evolving technology; and we are doing it in a way that we believe fully protects the legitimate interests and concerns of consumers.

Mr. Speaker, I am very pleased that we were able to bring this bill forward. I thank the gentleman from Tennessee (Mr. FORD) for his time and, more important, for the work he has done on this bill.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 5 minutes to the gentleman from Pennsylvania (Ms. HART), the author of the legislation, along with the gentleman from Tennessee.

Ms. HART. Mr. Speaker, I would like to thank my chairman, the gentleman from Ohio (Mr. OXLEY); my subcommittee chairman, the gentleman from Alabama (Mr. BACHUS); my colleague, the gentleman from Tennessee (Mr. FORD) and fellow sponsor of this legislation in the House; as well as the ranking member, the gentleman from Massachusetts (Mr. FRANK), for working together so well to get this legislation completed.

Check Clearing for the 21st Century or, as we call it, Check 21, holds the promise of a much more efficient check collection system by removing legal barriers to full utilization of new technology. It is very simple. It is a win for consumers; it is a win for the financial services industry. It will empower banks to help prevent fraud and empower consumers with more control over their accounts. It also empowers them with more efficiency in availability of their funds.

Thanks also to the staff who worked very well with the Senate regarding the conference committee during the period of time we needed to iron out a few issues with the Senate. I also want to thank the chairman in the Senate, Senator SHELBY, for working together with us so well.

Basically, our current legal framework has not kept up with technological advances. It has constrained the efforts of many banks to use innovations like digital check imaging, to improve check processing efficiency, providing improved services to customers, and substantial reductions in transportation and other check processing costs. It is important to implement these new technologies that are made in the field of payments to provide customers with those benefits I mentioned earlier, expedited access to capital and credit while ensuring, at the same time, they are more protected from fraud.

The legislation permits banks, credit unions, and all financial institutions to truncate checks. That allows them to process and clear these checks electronically, without moving the paper check through the clearinghouses and having them flow across the country.

The bill allows us to use something called a substitute check. And if you look at what a substitute check looks like, it might look awfully familiar to you. It actually looks just like a check. That substitute check contains all of the information that is on a check. In fact, that check will not be a substitute check unless it contains all of that information. It permits banks then to move this information just as it would move a canceled check; but, obviously, it will be much more efficient because planes do not have to fly the substitute checks across the country.

This substitute check would be the legal equivalent of the original check. It would include all the information, as I said, contained in the original check, the imaging on the front, the imaging on the back, including the signature, and then especially the machine-readable numbers that are normally at the bottom of your check. They can be processed just like original checks. The bank would not need to invest in any new technology or otherwise change its current check processing system unless it chooses to do so.

As was mentioned earlier, consumers will benefit in multiple ways. But the most important, I believe, is the efficiency of the system. Consumer protections are important as well. Consumers can keep that canceled check in their own records. It will also be kept at easy access in the financial institution, the same check. You do not have to chase down one canceled check.

So this is a win, really, for everyone involved. I am pleased to have been the sponsor of the bill in the House. I am pleased to have worked with everyone as part of this process. As we learned during the time where all the planes were grounded after September 11, it was very important for us to move forward because our financial system was pretty much stopped in its tracks when planes could not fly these canceled checks around the country. It is important for us to move forward. I am pleased we have the technology, and I am pleased that this Congress has recognized our responsibility to make this system much more efficient.

Mr. FORD. Mr. Speaker, I yield myself 1 minute.

Not having any other speakers, I do not know if the gentleman from Massachusetts (Mr. FRANK) is still on the floor, but I want to thank him again for his leadership on this legislation and the ease which I think all of the committee finds in working with him; and reiterate again, to the gentleman from Alabama (Chairman BACHUS), to thank him; and to Jeanne Roslanowick and Jaime Lizarraga and Ken Swab and Erika Jeffers, with whom I attended law school; and Lawranne Stewart; and, of course, Kevin MacMillan and Hugh Halpern; and the rest of the team on the other side, Carter and Dina and Bob; thank you as well. It was a pleasure to work with all of you, I know, on behalf of Scott Keefer and Luke Iglehart; also on my staff, who worked closely with them.

This is a good bill. I hope my colleagues see fit to support it. All of the benefits have been touted. I thank the gentlewoman from Pennsylvania (Ms. HART) again for her hard work, and I thank the gentleman from New Jersey (Mr. FERGUSON) again for his initiating this legislation.

With that being said and there are no other speakers on our side, I yield back the balance of my time.

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

Just in closing, let me say, this is indeed I think a classic example of how

the legislative process ought to work around here. This was an interesting exercise because it was in this case the recognition that the technology was out there to make our banking system far more efficient instead of flying all of these checks all around. Unfortunately, it was the terrible incident of 9-11 that really made us realize how fragile that system is and how we can change it for the better.

I had an opportunity to visit NCR, one of our fine Ohio corporations, a couple of years ago to actually see that technology and see how it could work; and that became really the germ behind the bill that we have before us today. It was some of the newer Members, the gentlewoman from Pennsylvania (Ms. HART) and the gentleman from Tennessee (Mr. FORD), who really took the bull by the horns and moved this legislation through. I owe a great deal of thanks to them for their hard work and tenacity in putting this bill together.

Somebody once said that when a great athlete is recognized as great, he makes things look easy. I am not referring to the gentleman from Tennessee (Mr. FORD), by the way. But when a great athlete like Sammy Sosa or somebody, they say they make it look easy and indeed, these folks made it look easy; and we are now on the verge of passing this legislation and sending it to the President. I think it is a proud day for the committee and those who were involved; the staff, who have been adequately thanked for their work, as well as the Members.

□ 1100

Mr. Speaker, I have no further speakers, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PENSION FUNDING EQUITY ACT OF 2003

Mr. BOEHNER. Mr. Speaker, pursuant to the prior order of the House of October 7, 2003, I call up the bill (H.R. 3108) to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to temporarily replace the 30-year Treasury rate with a rate based on long-term corporate bonds for certain pension plan funding requirements and other provisions, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. SIMONS). Pursuant to the order of the House of Tuesday, October 7, 2003, the bill is considered read for amendment.

The text of H.R. 3108 is as follows:

H.R. 3108

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 "Pension Funding Equity Act of 2003".

SEC. 2. FINDINGS; SENSE OF CONGRESS.

(a) FINDINGS.—The Congress finds the following:

(1) The defined benefit pension system has recently experienced severe difficulties due to an unprecedented economic climate of low interest rates, market losses, and an increased number of retirees.

(2) The discontinuation of the issuance of 30-year Treasury securities has made the interest rate on such securities an inappropriate and inaccurate benchmark for measuring pension liabilities.

(3) Using the current 30-year Treasury bond interest rate has artificially inflated pension liabilities and therefore adversely affected both employers offering defined benefit pension plans and working families who rely on the safe and secure benefits that these plans provide.

(4) There is consensus among pension experts that an interest rate based on long-term, conservative corporate bonds would provide a more accurate benchmark for measuring pension plan liabilities.

(5) A temporary replacement for the 30-year Treasury bond interest rate should be enacted while the Congress evaluates permanent and comprehensive funding reforms.

(b) SENSE OF CONGRESS.—It is the sense of the Congress that the Congress must ensure the financial health of the defined benefit pension system by working to promptly implement—

(1) a permanent replacement for the pension discount rate used for defined benefit pension plan calculations, and

(2) comprehensive funding reforms aimed at achieving accurate and sound pension funding to enhance retirement security for workers who rely on defined pension plan benefits, to reduce the volatility of contributions, to provide plan sponsors with predictability for plan contributions, and to ensure adequate disclosures for plan participants in the case of underfunded pension plans.

SEC. 3. TEMPORARY REPLACEMENT OF 30-YEAR TREASURY RATE.

(a) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) DETERMINATION OF PERMISSIBLE RANGE.—

(A) IN GENERAL.—Clause (ii) of section 302(b)(5)(B) of the Employee Retirement Income Security Act of 1974 is amended by redesignating subclause (II) as subclause (III) and by inserting after subclause (I) the following new subclause:

"(II) SPECIAL RULE FOR YEARS 2004 AND 2005.—In the case of plan years beginning after December 31, 2003, and before January 1, 2006, the term 'permissible range' means a rate of interest which is not above, and not more than 10 percent below, the weighted average of the rates of interest on amounts conservatively invested in long-term corporate bonds during the 4-year period ending on the last day before the beginning of the plan year. Such rates shall be determined by the Secretary on the basis of one or more indices selected periodically by the Secretary, and the Secretary shall make the permissible range publicly available."

(B) SECRETARIAL AUTHORITY.—Subclause (III) of section 302(b)(5)(B)(ii) of such Act, as redesignated by subparagraph (A), is amended—

(i) by inserting "or (II)" after "subclause (I)" the first place it appears, and

(ii) by striking "subclause (I)" the second place it appears and inserting "such subclause".

(C) CONFORMING AMENDMENT.—Subclause (I) of section 302(b)(5)(B)(ii) of such Act is