

103D CONGRESS  
1ST SESSION

# S. 1419

To provide for regional equity in funding the resolution of failed savings associations, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

AUGUST 6 (legislative day, JUNE 30), 1993

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To provide for regional equity in funding the resolution of failed savings associations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AMENDMENT TO FEDERAL HOME LOAN BANK**

4 **ACT.**

5 Section 21A of the Federal Home Loan Bank Act  
6 (12 U.S.C. 1441a) is amended by adding at the end the  
7 following new subsection:

8 “(w) STATE CONTRIBUTIONS.—

9 “(1) CUMULATIVE DETERMINATIONS OF STATE  
10 RESOLUTION COSTS.—

1           “(A) IN GENERAL.—Except as provided in  
2           subparagraph (B), not later than 90 days after  
3           the end of each calendar year beginning with  
4           calendar year 1993, the Corporation shall de-  
5           termine the aggregate of the amounts expended  
6           during the period beginning on January 1,  
7           1989, and ending at the end of each such cal-  
8           endar year, in providing assistance for case res-  
9           olutions and other assistance with respect to all  
10          institutions that were State savings associations  
11          on or after January 1, 1989, and—

12                   “(i) were then insured by the Federal  
13                   Savings and Loan Insurance Corporation;  
14                   or

15                   “(ii) are members of the Savings As-  
16                   sociation Insurance Fund.

17          “(B) CALENDAR YEAR 1993.—The Cor-  
18          poration shall make the determination described  
19          in subparagraph (A) with respect to amounts  
20          expended during calendar year 1993 on the  
21          later of the date which is 90 days after the end  
22          of such calendar year, or the date of the enact-  
23          ment of this subsection.

24          “(C) EXPENDITURES BY ANY FDIC, FSLIC  
25          RESOLUTION FUND, AND OTHER APPLICABLE

1 AGENCIES TAKEN INTO ACCOUNT.—In making  
2 the determination under subparagraph (A) of  
3 the amount of assistance for case resolutions  
4 and other assistance with respect to institutions  
5 described in such subparagraph, assistance pro-  
6 vided by the Federal Savings and Loan Insur-  
7 ance Corporation, the FSLIC Resolution Fund,  
8 the Federal Deposit Insurance Corporation, the  
9 Federal Home Loan Bank Board, any Federal  
10 home loan bank, and any other appropriate  
11 Federal agency shall be taken into account by  
12 the Corporation.

13 “(2) CUMULATIVE APPORTIONMENTS OF STATE  
14 RESOLUTION COSTS AMONG THE STATES.—After de-  
15 termining the amount for a period under paragraph  
16 (1), the Corporation shall apportion that amount  
17 among the States according to the amounts ex-  
18 pended during such period in providing assistance  
19 for case resolutions and other assistance with re-  
20 spect to all institutions described in paragraph (1)  
21 located in each respective State.

22 “(3) CONTRIBUTIONS REQUIRED FROM HIGH  
23 RISK STATES.—Each high risk State shall pay the  
24 Corporation an amount equal to—

25 “(A) the product of—

1           “(i) the current State percentage  
2           share of State resolution costs, minus 2  
3           times the State percentage share of 1980  
4           State deposits; and

5           “(ii) 25 percent of the aggregate  
6           amount currently determined by the Cor-  
7           poration under paragraph (1); minus

8           “(B) the aggregate of the amounts pre-  
9           viously paid by the State under this paragraph,  
10          minus the aggregate of the rebates (if any) paid  
11          to the State under paragraph (8).

12          “(4) HIGH RISK STATES.—A State is a high  
13          risk State for purposes of this subsection if—

14                 “(A) the current State percentage share of  
15                 State resolution costs; exceeds

16                 “(B) 2 times the State percentage share of  
17                 1980 State deposits.

18          “(5) CURRENT STATE PERCENTAGE SHARE OF  
19          STATE RESOLUTION COSTS.—For purposes of this  
20          subsection, the term ‘current State percentage share  
21          of State resolution costs’ means—

22                 “(A) the amount apportioned to the State  
23                 under paragraph (2) based on the determina-  
24                 tion made under paragraph (1) for the period  
25                 beginning on January 1, 1989, and ending at

1 the end of the most recent calendar year; di-  
2 vided by

3 “(B) the amount determined under para-  
4 graph (1) with respect to the State for the pe-  
5 riod beginning on January 1, 1989, and ending  
6 at the end of the most recent calendar year.

7 “(6) STATE PERCENTAGE SHARE OF 1980  
8 STATE DEPOSITS.—For purposes of this subsection,  
9 the term ‘State percentage share of 1980 State de-  
10 posits’ means—

11 “(A) the amount of deposits in 1980 in in-  
12 stitutions described in paragraph (1) located in  
13 the State; divided by

14 “(B) the total deposits in 1980 in all insti-  
15 tutions described in paragraph (1).

16 “(7) CONTRIBUTION PAYMENT TERMS.—

17 “(A) IN GENERAL.—Except as provided in  
18 subparagraph (B), the contribution currently  
19 required of any State under paragraph (3) shall  
20 be due at the end of the 6-month period begin-  
21 ning on the date the Corporation makes its cur-  
22 rent apportionment to the State under para-  
23 graph (2).

24 “(B) MULTIYEAR AGREEMENTS.—If the  
25 contribution currently required of any State

1 under paragraph (3) exceeds \$1,000,000,000,  
2 such State may enter into an agreement with  
3 the Corporation to pay such amount, with inter-  
4 est accruing in accordance with section 3717(a)  
5 of title 31, United States Code, over the 4-year  
6 period beginning on the date on which such  
7 contribution would otherwise be due under sub-  
8 paragraph (A), and such State shall be treated  
9 as meeting the requirements of this subsection  
10 so long as such State is in compliance with the  
11 terms of such agreement.

12 “(8) CONTRIBUTION REBATES.—If, with re-  
13 spect to a State, the result of the calculation de-  
14 scribed in paragraph (3)(B) exceeds the result of the  
15 calculation described in paragraph (3)(A), the Cor-  
16 poration shall rebate such excess amount to the  
17 State, with interest accruing in accordance with sec-  
18 tion 3717(a) of title 31, United States Code.

19 “(9) TERMINATION OF INSURANCE IF STATE  
20 FAILS TO PAY REQUIRED CONTRIBUTIONS.—

21 “(A) IN GENERAL.—If any State fails to  
22 pay the contribution required of such State  
23 under paragraph (3)—

1           “(i) the Corporation shall notify the  
2           Federal Deposit Insurance Corporation of  
3           such failure; and

4           “(ii) the Federal Deposit Insurance  
5           Corporation shall terminate, subject to  
6           paragraphs (2)(B) and (6) of section 8(a)  
7           of the Federal Deposit Insurance Act, the  
8           deposit insurance for State depository in-  
9           stitutions (as defined in section 3(c)(5) of  
10          the Federal Deposit Insurance Act) located  
11          in such State at the end of the 6-month  
12          period beginning on the date the contribu-  
13          tion was due under paragraph (7).

14          “(B) TRANSITION.—The insured deposits  
15          of each depositor at any State depository insti-  
16          tution the insured status of which is terminated  
17          pursuant to subparagraph (A) shall continue to  
18          be insured on a temporary basis in the manner  
19          provided in section 8(a)(7) of the Federal De-  
20          posit Insurance Act.

21          “(10) RESTORATION OF INSURANCE.—Para-  
22          graph (9) shall cease to apply with respect to State  
23          depository institutions located in any State described  
24          in such paragraph after the date on which the Cor-  
25          poration notifies the Federal Deposit Insurance Cor-

1       poration that such State has paid all of the contribu-  
2       tions required of the State under this subsection, to-  
3       gether with any interest accrued on such amount in  
4       accordance with section 3717(a) of title 31, United  
5       States Code.”.

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