II

118TH CONGRESS
1ST SESSION

S. 2403

To amend the Federal Deposit Insurance Act to provide for the insurance of transaction accounts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 20, 2023

Mr. VANCE 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 amend the Federal Deposit Insurance Act to provide for the insurance of transaction 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 ''Payroll Account Guarantee Act of 2023''.

SEC. 2. INSURANCE OF TRANSACTION ACCOUNTS.

(a) BANKS AND SAVINGS ASSOCIATIONS.—Section 11(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)) is amended—

(1) in subparagraph (B)—

(A) by striking "The net amount" and inserting the following:

"(i) IN GENERAL.—Subject to clause (ii), the net amount"; and

(B) by adding at the end the following new clauses:

"(ii) INSURANCE FOR NONINTEREST-BEARING TRANSACTION ACCOUNTS.—

"(I) DEFINITION.—For purposes of this subparagraph, the term 'noninterest-bearing transaction account' means a deposit or account maintained at an insured depository institution—

"(aa) with respect to which interest is neither accrued nor paid;

"(bb) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and

"(cc) on which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal.

"(II) INSURANCE.—Notwithstanding clause (i), the Corporation shall fully insure the net amount that any depositor at an insured depository institution with less than $225,000,000,000 in assets maintains in a noninterest-bearing transaction account. Such amount shall not be taken into account when computing the net amount due to such depositor under clause (i).

"(III) NO FEES.—No fee may be levied on an insured depository institution for the insurance under this clause.".

(2) in subparagraph (C), by striking "subparagraph (B)" and inserting "subparagraph (B)(i)".

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

(1) in subparagraph (A)—

(A) by striking ''Subject to the provisions of paragraph (2), the net amount'' and inserting the following:

''(i) NET AMOUNT OF INSURANCE PAYABLE.—Subject to clause (ii) and the provisions of paragraph (2), the net amount''; and

(B) by adding at the end the following new clauses:

''(ii) INSURANCE FOR NONINTEREST-BEARING TRANSACTION ACCOUNTS.—

''(I) DEFINITION.—For purposes of this subparagraph, the term 'noninterest-bearing transaction account' means an account or deposit maintained at an insured credit union—

''(aa) with respect to which interest is neither accrued nor paid;

''(bb) on which the account holder or depositor is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and

"(cc) on which the insured credit union does not reserve the right to require advance notice of an intended withdrawal.

"(II) INSURANCE.—Notwithstanding clause (i), the Board shall fully insure the net amount that any member or depositor at an insured credit union maintains in a non-interest-bearing transaction account. Such amount shall not be taken into account when computing the net amount due to such member or depositor under clause (i).

"(III) NO FEES.—No fee may be levied on an insured credit union for the insurance under this clause.".

(2) in subparagraph (B), by striking ''subparagraph (A)'' and inserting ''subparagraph (A)(i)''.

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