



**Legislative Bulletin.....June 27, 2006**

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**Summary of the Bills Under Consideration Today:**

**Total Number of New Government Programs:** 0

**Total Cost of Discretionary Authorizations:** \$0

**Effect on Revenue:** \$0

**Total Change in Mandatory Spending:** \$0

**Total New State & Local Government Mandates:** 0

**Total New Private Sector Mandates:** 0

**Number of Bills Without Committee Reports:** 1

**Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority:** 0

**H.R. 42 — Freedom to Display the American Flag Act of 2005 — *as introduced* (Bartlett, R-MD)**

**Order of Business:** The bill is scheduled for consideration on Tuesday, June 27, 2006, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 42 stated purpose is to “ensure that the right of an individual to display the flag of the United States on residential property not be abridged.” The bill would prohibit condominium associations, cooperative associations, or residential real estate management associations from adopting or enforcing any policy that would restrict or prevent a member of the association from displaying the United States Flag on their residential property within the association.

The bill also states that nothing in the Act shall be considered to permit any display or use that is inconsistent with 1) federal law (Ch. 1, Title 4, U.S.C.), or any rule or custom pertaining to the proper display or use of the U.S. Flag, or 2) any “reasonable restriction” pertaining to the time, place, or manner of displaying the flag necessary to protect a substantial interest of the condominium, cooperative, or residential real estate management association.

**Committee Action:** H.R. 42 was introduced on January 4, 2005, and referred to the Committee on Financial Services’ Subcommittee on Housing and Community Opportunity, which took no official action.

**Cost to Taxpayers:** A CBO score of H.R. 42 is unavailable, but the bill does not authorize new expenditures.

**Does the Bill Expand the Size and Scope of the Federal Government?:** No.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?:** No.

**Constitutional Authority:** A committee report citing constitutional authority is unavailable. House Rule XIII, Section 3(d)(1), requires that all committee reports contain “a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution.” *[emphasis added]*

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## **H.R. 5341 — Seasoned Customer CTR Exemption Act of 2006 — *as reported* (Bachus, R-AL)**

**Order of Business:** The bill is scheduled for consideration on Tuesday, June 27, 2006, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 5341 would allow the Secretary of the Treasury to promulgate revised rules for allowing financial institutions to acquire exemptions from filing Currency Transaction Reports (CTR) on certain transactions by “seasoned customers.”

**Section 2(a) Findings.** The bill finds that:

- “the current reporting requirements, “pose a compliance burden on the financial industry.”
- some reports may not be relevant to combating financial crimes, including money laundering and financing of terrorism.
- an exemption from certain reporting requirements would continue to aid in prosecuting financial crimes while lowering the burdens to the financial industry.
- the financial industry is not capitalizing on the current exemptions because the filing process is overly burdensome.

- exemptions do not affect the “requirements for depository institutions to apply the full range of anti-money laundering controls.”

**Section 2(b) Seasoned customer exemption.**

- Amends 31 U.S.C. section 5313(e) to give “qualified customer” a meaning that the Secretary of the Treasury determines; and includes a U.S. corporation, has maintained a deposit account with the institution for 12 months, and has engaged in multiple transactions that are subject to the current reporting requirements.
- Additionally, 31 U.S.C. 5313(e) is amended to allow the Secretary of the Treasury to promulgate rules to exempt any financial institution from filing reports with a “Qualified Customer.”
- Under the bill, the financial institution must, “file a 1-time notice of designation of exemption for each qualified customer.”
- The bill allows the Secretary to, “suspend, reject, or revoke any qualified customer exemption notice.”

**Section 2(c) 3-year Review and Report.** Requires the Secretary to “evaluate the operations and effect of the provisions of the amendment” within 3 years of the bill’s passage.

**Section 3 Periodic Review of Reporting Threshold and Adjustment for Inflation.** Amends 31 U.S.C. 5318 to require the Secretary to review the threshold reporting amounts every 5 years, adjust the amounts for inflation, and report to Congress on adjustments made.

**Note:** The bill uses the term, “seasoned customer,” in the title, yet the bill text uses the term, “qualified customer,” when amending 31 U.S.C. section 5313. The terms seem interchangeable. The committee report defines “seasoned customers” as “longtime bank customers that routinely deal in large volumes of cash but whose business dealings are well-enough understood by the institution to rule out the possibility of money laundering or the financing of terror,” a definition that appears consistent with Section 2(b) of the bill.

**Additional Information:** The committee report states that the bill directs the Secretary to gather the information necessary to prosecute financial crimes, yet exempts from reporting requirements those “transactions by ‘seasoned customers’ that the institution knows well enough to understand that a large cash transaction is part of the course of normal business.”

Currently, the Bank Secrecy Act requires CTRs to be filed for cash transactions in excess of \$10,000. Additionally, the committee report states that the current rules for seeking an exemption from filing is, “difficult to understand, cumbersome to use and requires annual renewals of the exemption.” More than 13.1 million CTRs are filed annually. The committee report states 30% of the CTRs filed concern recurring transactions, and the, “millions of excess forms have little value for law enforcement purposes.” It is estimated that the banking industry devoted 5.5 million hours to processing CTRs in 2005.

**Committee Action:** H.R. 5341 was introduced on May 10, 2006, and referred to the Committee on Financial Services. The bill was marked-up by the Financial Services Subcommittee on

Financial Institutions and Consumer Credit on May 24, 2006. The bill was reported out by the full Committee on June 19, 2006, by voice vote (H. Rept. 109-506).

**Cost to Taxpayers:** CBO estimates that implementing the bill would have no significant effect on the budget. The cost for completing the reports is estimated at less than \$500,000 and would be subject to appropriations. The bill would not affect direct spending or revenues.

**Does the Bill Expand the Size and Scope of the Federal Government?:** No.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?:** No.

**Constitutional Authority:** The Committee Report, H. Rept. 109-506, cites constitutional authority for this legislation in Article 1, Section 8, and Clause 3 of the Constitution.

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## **H.Res. 854 — Recognizing National Homeownership Month and the importance of homeownership in the United States — *as introduced* (Miller, R-CA)**

**Order of Business:** The resolution is scheduled for consideration on Tuesday, June 27, 2006, under a motion to suspend the rules and pass the resolution.

An almost identical bill, H.R. 658, passed the House during the 108<sup>th</sup> Congress by a vote of 415-2 on June 22, 2004: <http://clerk.house.gov/evs/2004/roll285.xml>.

The 104<sup>th</sup> Congress changed House rules to prohibit a bill from being considered on the House floor if “it establishes or expresses a commemoration”, which is defined as “a remembrance, celebration, or recognition for any purpose through the designation of a specified period of time” (<http://clerk.house.gov/legisAct/legisProc/rules/rule12.html>).

This resolution resolves that Congress supports the ideals and goals of National Homeownership Month, and recognizes the importance of homeownership. Because the resolution merely states support for, but does not establish a commemorative week or month, the parliamentarian’s office has ruled that it is allowable under House rules.

**Summary:** H.Res. 854 would resolve that the House of Representatives:

- 1) fully supports the goals and ideals of National Homeownership Month; and
- 2) recognizes the importance of homeownership in building strong communities and families.

The resolution also states a number of findings, including the following:

- “the President of the United States has issued a proclamation designating the *month of June 2006 as National Homeownership Month*;
- “the national homeownership rate in the United States has reached a record high of almost 70 percent and more than half of all minority families are homeowners;
- “creating *affordable* homeownership opportunities requires the commitment and cooperation of the private, public, and nonprofit sectors, *including the Federal Government and State and local governments*; and
- “the current laws of the United States, such as the American Dream Downpayment Act, encourage homeownership and should continue to do so in the future.” (*emphasis added*)

**Committee Action:** H.R. 854 was introduced on June 6, 2006, and referred to the Committee on Financial Services, which took no official action.

**Cost to Taxpayers:** The resolution authorizes no expenditure.

**Does the Bill Expand the Size and Scope of the Federal Government?:** No.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?:** No.

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