# FY 2005 Appropriations-Federal Trade Commission

*BACKGROUND*

The Federal Trade Commission (FTC) is provided annual funding from the U.S. Congress. The House and Senate Appropriation Committees provide this funding through their Commerce, Justice, State, the Judiciary and Related Agencies subcommittees.

Since the enactment of the Federal Deposit Insurance Corporation Improvements Act of 1991 (FDICIA), the FTC has been authorized to conduct a rulemaking and enforce certain disclosure and other activities of non-federally insured credit unions. Until Fiscal Year 2004 the FTC has been precluded from proceeding with these responsibilities by language included in their annual appropriations legislation.

*LEGISLATIVE STATUS*

U.S. House of Representatives

H.R. 4754 passed the House of Representatives on July 8, 2004, and Title V states:

"…Provided further, That none of the funds made available to the Federal Trade Commission may be used to implement or enforce subsections (a), (e), or (f)(2)(B) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t) or section 151(b) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1831t note): "

Explanation:

This FY 2005 appropriations language will deny the FTC the authority to expend funds related to the "nondisclosure" requirements[1] that §151 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) places on non-federally insured depository institutions, including privately insured credit unions. The language will, however, continue to authorize the FTC to expend funds on rulemaking and enforcement for the disclosure requirements §151 places on privately insured credit unions. Required disclosures include that the institution is not federally insured and that if the institution fails "the Federal Government does not guarantee that depositors will get back their money."

FDICIA places numerous requirements on non-federally insured depository institutions, including privately insured credit unions, and directs the FTC to make rules and enforce certain of these requirements, including the manner and content of disclosures by non-

[1] Nondisclosure requirements are those unrelated to disclosure, specifically institution audits and business plans and certification of non-federally insured depository institutions as eligible for federal insurance. The FTC believes it does not have the expertise to enforce these nondisclosure requirements.

federally depository institutions to their depositors (members) regarding the lack of federal account insurance and its consequences and, further, requiring that institutions must make disclosures in various media and attempt to obtain a signed acknowledgment of the disclosure.

Until January 2004, Congress had denied the FTC authority to expend any of its appropriations on §151 rulemaking or enforcement. In January 2004, however, Congress authorized the FTC to expend funds on its §151 responsibilities and the FTC started to work on a disclosure rulemaking. For FY 2005, FTC has asked for limits on its §151 appropriations expenditure authority.

U.S. Senate

On September 15, 2004 the Senate Committee on Appropriations approved S-2809. The legislation provides additional funding and staff to the FTC for FY 2005 to conduct certain specified legislative directives, including rulemaking related to Section 151 of FDICIA.

*Updated: September 20, 2004*