HR 1474

Check 21 Act

Congress: 108 (2003–2005, Ended)
Chamber: House
Policy Area: Finance and Financial Sector
Introduced: Mar 27, 2003
Current Status: Became Public Law No: 108-100.
Latest Action: Became Public Law No: 108-100. (Oct 28, 2003)
Law: 108-100 (Enacted Oct 28, 2003)
Official Text: https://www.congress.gov/bill/108th-congress/house-bill/1474

Sponsor

Name: Rep. Hart, Melissa A. [R-PA-4]
Party: Republican • **State:** PA • **Chamber:** House

Cosponsors (32 total)

Cosponsor	Party / State	Role	Date Joined
Del. Norton, Eleanor Holmes [D-DC-At Large]	D · DC		Mar 27, 2003
Rep. Bachus, Spencer [R-AL-6]	R · AL		Mar 27, 2003
Rep. Boswell, Leonard L. [D-IA-3]	D · IA		Mar 27, 2003
Rep. Crowley, Joseph [D-NY-7]	D · NY		Mar 27, 2003
Rep. Ferguson, Mike [R-NJ-7]	R · NJ		Mar 27, 2003
Rep. Ford, Harold E., Jr. [D-TN-9]	D · TN		Mar 27, 2003
Rep. Gillmor, Paul E. [R-OH-5]	R · OH		Mar 27, 2003
Rep. Hinojosa, Ruben [D-TX-15]	D · TX		Mar 27, 2003
Rep. Jones, Walter B., Jr. [R-NC-3]	R · NC		Mar 27, 2003
Rep. Kelly, Sue W. [R-NY-19]	R · NY		Mar 27, 2003
Rep. Lucas, Ken [D-KY-4]	D · KY		Mar 27, 2003
Rep. McCarthy, Carolyn [D-NY-4]	D · NY		Mar 27, 2003
Rep. McIntyre, Mike [D-NC-7]	D · NC		Mar 27, 2003
Rep. Oxley, Michael G. [R-OH-4]	R · OH		Mar 27, 2003
Rep. Ross, Mike [D-AR-4]	D · AR		Mar 27, 2003
Rep. Royce, Edward R. [R-CA-40]	R · CA		Mar 27, 2003
Rep. Toomey, Patrick J. [R-PA-15]	R · PA		Mar 27, 2003
Rep. Alexander, Rodney [D-LA-5]	D · LA		Apr 10, 2003
Rep. Clay, Wm. Lacy [D-MO-1]	D · MO		Apr 10, 2003
Rep. Harris, Katherine [R-FL-13]	R · FL		Apr 10, 2003
Rep. Hensarling, Jeb [R-TX-5]	R · TX		Apr 10, 2003
Rep. Maloney, Carolyn B. [D-NY-14]	D · NY		Apr 10, 2003
Rep. Moore, Dennis [D-KS-3]	D · KS		Apr 10, 2003
Rep. Ney, Robert W. [R-OH-18]	R · OH		Apr 10, 2003
Rep. Pryce, Deborah [R-OH-15]	R · OH		Apr 10, 2003
Rep. Sessions, Pete [R-TX-32]	R · TX		Apr 10, 2003
Rep. Shays, Christopher [R-CT-4]	R · CT		Apr 10, 2003
Rep. Cunningham, Randy (Duke) [R-CA-50]	R · CA		May 15, 2003
Rep. Kennedy, Mark R. [R-MN-6]	R · MN		May 15, 2003
Rep. King, Peter T. [R-NY-3]	R · NY		May 15, 2003
Rep. Murphy, Tim [R-PA-18]	R · PA		May 15, 2003
Rep. Rodriguez, Ciro D. [D-TX-28]	D · TX		May 15, 2003

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Discharged From	Jun 27, 2003
Financial Services Committee	House	Reported by	May 14, 2003

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

Bill	Relationship	Last Action
108 S 1334	Procedurally related	**Jun 27, 2003:** Returned to the Calendar. Calendar No. 168. (consideration: CR 6/26/2003 S8811)
108 HRES 256	Procedurally related	**Jun 5, 2003:** Motion to reconsider laid on the table Agreed to without objection.

Summary (as of Oct 28, 2003)

(This measure has not been amended since the Conference Report was filed in the House on October 1, 2003. The summary of that version is repeated here.)

Check Clearing for the 21st Century Act, or Check 21 Act - Sets forth a statutory framework under which a substitute check is the legal equivalent of an original check for all purposes, if the substitute check: (1) accurately represents all of the information on the front and back of the original check as of the time the original check was truncated; and (2) bears the legend: "This is a legal copy of your check. You can use it the same way you would use the original check."

(Sec. 3) Defines "substitute check" as a paper reproduction of the original check that: (1) contains an image of the front and back of the original; (2) bears a "MICR line" or "magnetic ink character recognition line" containing all the information appearing on the MICR line of the original check; (3) conforms, in paper stock, dimension, and otherwise, with generally applicable industry standards for substitute checks; and (4) is suitable for automated processing in the same manner as the original.

Defines check truncation as removing an original paper check from the check collection or return process and sending in lieu of it a substitute check or, by agreement, information relating to the original check (including data taken from the MICR line of the original check or an electronic image of the original check), whether with or without subsequent delivery of the original paper check.

(Sec. 4) Prescribes implementation guidelines covering: (1) bank endorsements and identification of the reconverting bank (a bank that creates a substitute check or is the first bank to transfer or present such a check already created by a non-bank person); (2) the applicability of Federal and State law, the Code of Federal Regulations, and the Uniform Commercial Code; (2) substitute check warranties; (3) indemnity procedures, including a comparative negligence standard; and (4) expedited recredit procedures for consumers and for claimant banks in instances where a substitute check is improperly charged to an account (including notice requirements for reversal of a recredit).

(Sec. 8) Sets forth: (1) procedures for claimant banks against an indemnifying bank for expedited recredit; (2) excused bank delays owing to emergency conditions; (3) a measure of damages for breach of warranty or failure to comply with requirements that incorporates a comparative negligence standard; (4) a one-year statute of limitations under which the cause of action accrues as of the date the injured party first learns, or reasonably should have learned, of the facts and circumstances giving rise to the cause of action; and (5) consumer education requirements regarding substitute checks.

(Sec. 14) States that any provision of this Act pertaining to expedited recredit procedures for banks may be varied by agreement of the banks involved.

(Sec. 16) Instructs the Board of Governors of the Federal Reserve System (Board) to study and report to Congress on: (1) the percentage of total checks cleared in which the paper check is not returned to the paying bank; (2) the extent to which banks make funds available to consumers for local and nonlocal checks before the expiration of maximum hold periods; (3) the length of time within which depositary banks learn of the nonpayment of local and nonlocal checks; (4) the increase or decrease in check-related losses over the study period; and (5) the appropriateness of certain time periods and amount limits applicable under the Expedited Funds Availability Act, as in effect on the date of enactment of this Act.

(Sec. 17) Directs the Board to include in subsequent annual reports the amount of operating costs attributable to transportation of commercial checks between Federal Reserve bank check processing centers, including an estimate of the Federal Reserve banks' imputed revenues derived from such transportation.

(Sec. 18) Instructs the Comptroller General to evaluate and report to Congress on the implementation and administration of this Act.

(Sec. 19) Authorizes appropriations to the Secretary of the Treasury for fiscal years beginning after FY 2003 to replace the deposit of compensating balances with direct U.S. payments to reimburse financial institutions in their capacity as depositaries and financial agents of the United States for all services required by the Secretary (or a designee) to be performed on behalf of the Secretary or another Federal agency, including services rendered before FY 2004. (Currently the Secretary compensates financial institutions for various critical depositary and financial agency services provided for or on behalf of the United States by: (1) placing large compensating balances on deposit in such institutions; (2) using imputed interest on such funds to offset charges for such services; and (3) increasing or decreasing the size of such balances as interest rates fluctuate or the public debt outstanding reaches the statutory debt limit.)

Prescribes procedural guidelines for the Secretary to promptly begin phasing in the use of appropriations to pay such institutions and to expedite the transition away from the use of compensating balances.

Requires the Secretary to report on the use of compensating balances and on the use of appropriations authorized for such purpose for each fiscal year.

Actions Timeline

- **Oct 28, 2003:** Signed by President.
- **Oct 28, 2003:** Became Public Law No: 108-100.
- **Oct 23, 2003:** Presented to President.
- **Oct 16, 2003:** Message on Senate action sent to the House.
- **Oct 15, 2003:** Conference report agreed to in Senate: Senate agreed to conference report by Unanimous Consent.(consideration: CR S12632-12633)
- **Oct 15, 2003:** Senate agreed to conference report by Unanimous Consent. (consideration: CR S12632-12633)
- **Oct 14, 2003:** Conference papers: Senate report and manager's statement and message on House action held at the desk in Senate.
- **Oct 8, 2003:** Mr. Oxley brought up conference report H. Rept. 108-291 by previously agreed to special order. (consideration: CR H9289-9293)
- **Oct 8, 2003:** DEBATE - The House proceeded with one hour of debate on the conference report to accompany H.R. 1474.
- **Oct 8, 2003:** The previous question was ordered without objection.
- **Oct 8, 2003:** Conference report agreed to in House: On agreeing to the conference report Agreed to by voice vote.(consideration: CR H9293)
- **Oct 8, 2003:** Motions to reconsider laid on the table Agreed to without objection.
- **Oct 8, 2003:** On agreeing to the conference report Agreed to by voice vote. (consideration: CR H9293)
- **Oct 1, 2003:** Conference report filed: Conference report H. Rept. 108-291 filed.(text of conference report: CR H9083-9090)
- **Oct 1, 2003:** Conference report H. Rept. 108-291 filed. (text of conference report: CR H9083-9090)
- **Jul 16, 2003:** Message on Senate action sent to the House.
- **Jul 15, 2003:** Senate insists on its amendment, agrees to request for a conference, appoints conferees Shelby; Bennett; Allard; Sarbanes; Johnson. (consideration: CR S9431)
- **Jul 11, 2003:** Message on House action received in Senate and at desk: House requests a conference.
- **Jul 10, 2003:** Mr. Tiberi asked unanimous consent that the House disagree to the Senate amendment, and request a conference.
- **Jul 10, 2003:** On motion that the House disagree to the Senate amendment, and request a conference Agreed to without objection. (consideration: CR H6582)
- **Jul 10, 2003:** Motion to reconsider laid on the table Agreed to without objection.
- **Jul 10, 2003:** The Speaker appointed conferees for consideration of the House bill and the Senate amendment, and modifications committed to conference: Oxley, Bachus, LaTourette, Hart, Tiberi, Frank (MA), Sanders, and Ford.
- **Jul 7, 2003:** Message on Senate action sent to the House.
- **Jun 27, 2003:** Senate Committee on Banking, Housing, and Urban Affairs discharged by Unanimous Consent.
- **Jun 27, 2003:** Measure laid before Senate by unanimous consent. (consideration: CR S8811-8815)
- **Jun 27, 2003:** Senate struck all after the Enacting Clause and substituted the language of S.1334.
- **Jun 27, 2003:** Passed/agreed to in Senate: Passed Senate in lieu of S. 1334 with an amendment by Unanimous Consent.(text: CR S8811-8815)
- **Jun 27, 2003:** Passed Senate in lieu of S. 1334 with an amendment by Unanimous Consent. (text: CR S8811-8815)
- **Jun 5, 2003:** Rule H. Res. 256 passed House.
- **Jun 5, 2003:** Considered under the provisions of rule H. Res. 256. (consideration: CR H4996-5005; text of measure as reported in House: CR H5001, H5002-5005)
- **Jun 5, 2003:** Rule provides for consideration of H.R. 1474 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit. Measure will be read by section. Bill is open to amendments.
- **Jun 5, 2003:** House resolved itself into the Committee of the Whole House on the state of the Union pursuant to H. Res. 256 and Rule XXIII.
- **Jun 5, 2003:** The Speaker designated the Honorable Ray LaHood to act as Chairman of the Committee.
- **Jun 5, 2003:** GENERAL DEBATE - The Committee of the Whole proceeded with one hour of general debate on H.R. 1474.
- **Jun 5, 2003:** DEBATE - The Committee of the Whole proceeded with debate on the Hart amendment under the five

minute rule.

- **Jun 5, 2003:** The House rose from the Committee of the Whole House on the state of the Union to report H.R. 1474.
- **Jun 5, 2003:** The previous question was ordered pursuant to the rule.
- **Jun 5, 2003:** POSTPONED VOTE - At the conclusion of debate on H.R. 1474 the Chair put the question on passage of the bill, as amended, and by voice vote, announced that the ayes had prevailed. Mr. Bachus demanded the yeas and nays and the Chair postponed further proceedings until later in the legislative day.
- **Jun 5, 2003:** Considered as unfinished business. (consideration: CR H5022)
- **Jun 5, 2003:** Passed/agreed to in House: On passage Passed by the Yeas and Nays: 405 - 0 (Roll no. 246).
- **Jun 5, 2003:** On passage Passed by the Yeas and Nays: 405 - 0 (Roll no. 246).
- **Jun 5, 2003:** Motion to reconsider laid on the table Agreed to without objection.
- **Jun 5, 2003:** Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Jun 3, 2003:** Rules Committee Resolution H. Res. 256 Reported to House. Rule provides for consideration of H.R. 1474 with 1 hour of general debate. Previous question shall be considered as ordered without intervening motions except motion to recommit. Measure will be read by section. Bill is open to amendments.
- **Jun 2, 2003:** Reported (Amended) by the Committee on Financial Services. H. Rept. 108-132.
- **Jun 2, 2003:** Placed on the Union Calendar, Calendar No. 67.
- **May 21, 2003:** Committee Consideration and Mark-up Session Held.
- **May 21, 2003:** Ordered to be Reported (Amended) by Voice Vote.
- **May 14, 2003:** Subcommittee Consideration and Mark-up Session Held.
- **May 14, 2003:** Forwarded by Subcommittee to Full Committee by Voice Vote.
- **Apr 8, 2003:** Referred to the Subcommittee on Financial Institutions and Consumer Credit.
- **Apr 8, 2003:** Subcommittee Hearings Held.
- **Mar 27, 2003:** Introduced in House
- **Mar 27, 2003:** Referred to the House Committee on Financial Services.

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