chairman of the Committee on Ways and Means.

Mr. ARCHER. I thank the gentleman for yielding this time to me, Madam Speaker, and I reluctantly rise in opposition to this bill.

I voted for the first bill that came through the House, and I am not here to in any way criticize the detailed compromises made with the Senate, but what I am here to state as, I think, a fatal flaw in this bill is it is scored as losing $150 million in revenue over the next 5 years which is not paid for. We are supposed to operate under rules that no suspension can be brought on the floor if it involves over $100 million. This $150 million of scored revenue loss is the result of expansion of credit unions operating on a tax-free basis and therefore costing revenue to the Treasury. It has been used already, this money has been used already to pay for the health bill that passed this House. It redounds to our score card on Ways and Means as a tax loss, and therefore on the score card will reduce the amount of revenue that we have already used to offset the health care bill.

Madam Speaker, this is not the way this House should do business, and I must oppose this bill so that it can come back in a form where it is appropriately paid for.

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Madam Speaker, I, too, want to strongly support H.R. 1151, the Credit Union Membership Act of which I am an original prime sponsor.

The credit union movement has distinguished itself over the years by providing its members with good quality, low cost financial services. As nonprofit cooperatives managed by their members, credit unions excel at providing the services families and small businesses need most. Study after study shows that from home mortgages to student loans to start-up financing for small businesses, credit unions beat the competition in terms of service and customer satisfaction.

Credit unions have also taken the lead in communities that are all but ignored by the banking industry. In many distressed urban and rural areas a community development credit union is often the only conventional financial institution to be found. In my district a group of public housing tenants formed a credit union when they were unable to interest a bank in their financial goals. We need to encourage these types of institutions to bring more low-income individuals into the financial mainstream.

The credit union movement deserves much of the praise for this legislation. Like everyone here, I heard from people in my district who are passionate about their credit unions, not just the officers and directors and employees, but the men and women and families and businesses who are affiliated with these institutions. Not only did they take the time to call and write, but they also came here to Washington and to my district offices to tell me in person how important their credit unions are to them.

So, Madam Speaker, on behalf of the 3.3 million New Yorkers who are credit union members, I urge the suspension of the rules and the passage of H.R. 1151.

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Mr. LEACH. Madam Speaker, I yield myself 1 minute.

Madam Speaker, I would simply respond to a previous intervention. Let me just say the CBO has estimated a revenue loss of $143 million for this bill, but it is important to note that there will be a $510 million increase in revenues to the credit union fund. But because of budget rules, the $510 million cannot be used as an offset to this revenue loss. Instead, the $143 million revenue loss must be absorbed through other tax accounts under the budget rules.

I will say in the Senate, the Senate balanced this revenue loss with their IRS reform bill. We have formally by letter informed the Committee on Ways and Means of this circumstance, but I recognize it does produce certain difficulties for the distinguished chairman of the Committee on Ways and Means.

All I can say is this is not a surprise. It has been dealt with appropriately in the Senate, it has been flagged here in the House, and there is an offset of approximately three times the revenue loss, but it occurs in another account of the Federal budget.

Mr. LAFALCE. Madam Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. KENNEDY) in opposition to the bill.

Mr. KENNEDY of Massachusetts. Madam Speaker, I rise today as a strong supporter of nonprofits, as a strong supporter of credit unions, but a strong opponent of this bill.

The truth of the matter is that the politics that went on in the formation of this bill would make the bankers, the insurance industry and all of the special interests that normally come before the Committee on Banking salivate. They went into the back room of the Senate and they knocked out all of the provisions that are supposed to protect the consumer, particularly the poor consumer.

These credit unions come into our offices and pretend they are taking care of the poor. They pretend that the Congress established them to go into underserved areas, where bankers would not go. The fact of the matter is, if you look at their records, the credit unions have an abominable record of lending to the poor, the worst record of any of the banks, of any of the S&L's. They have a worse record in lending to people of color, the minorities, blacks.

In the Navy Credit Union, the Navy, which prides itself on bringing in minorities into the Nation's service, you are 11 times more likely coming from the same neighborhood with the same income levels to be turned down for a home mortgage loan if the color of your skin was black versus if it was white.

The truth of the matter is the credit unions ought to be held to the Community Reinvestment Act. We could not get that through. But what we could get through is the fact that they would have to publicly report exactly what their record of lending to the minority communities and the low income communities have been. It is 5.4 percent today, with the information we get, much lower than any of the other financial services industries that we collect data on, and 16.5 percent in terms of the minority community loans.

Madam Speaker, these numbers are an indictment of an industry that comes before each and every Member of Congress, parades before us a bunch of little folks that have deposits in credit unions, and then tells us there is a terrible attack taking place on credit unions by the big banks and insurance companies, so therefore we should give them everything they want.

That is not how it is supposed to work. We are supposed to stand for some principles. And if these folks that run these credit unions, particularly the very large ones, which are much bigger than many banks, think they can just come in and roll right over the Congress of the United States, roll right over the United States Senate, have everybody come marching on up here saying what a great job they do, and sweep under the rug how they treat the poor, how they treat minorities, we ought to be ashamed of ourselves.

We have to stand up every once in awhile and try to do what is right. We are not asking the credit unions to lose money. What we are saying is that if somebody who is a member of that credit union comes in and the color of their skin happens to be black, they ought to be treated the same way as somebody who is a member of that credit union whose color of their skin happens to be white, and that does not happen in today's America. It ought to happen. We ought to defeat this bill. We ought to stand up to the credit unions and do what is right.

Mr. LEACH. Madam Speaker, I yield 2 minutes to my distinguished colleague, the gentleman from Texas (Mr. PAUL).

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. Madam Speaker, I thank the gentleman for yielding me time.

Madam Speaker, today I rise in support of this bill. I do not support legislation casually here, and have thought this through. I voted against this bill the first time it went through, and I was one of a few. But it is a better bill now than it was before.

I am a supporter of the free market, and I do not believe you can achieve equity by raising taxes and putting more regulations on those who do not have regulations and who do not have taxes.

For this reason, I argued the case that instead of equity being achieved by taxing credit unions or making it more difficult for them to survive with more regulations, the best thing we should do now is talk about at least the smaller banks that compete with credit unions, to lower their taxes, get rid of their taxes and get rid of the regulation.

Precisely because we dealt with the CRA function in the Senate is the reason that I can support this bill. CRA does great deal of harm to the very people who claim they want CRA to be in the bill. CRA attacks the small, marginal bank that is operating in communities that have poor people in them. But if you compel them to make loans that are not prudent and to make loans that are risky, you are doing precisely the opposite of what we should do for these companies.

We should work to lower taxes, not only on the credit unions, and lower regulations. We must do the same thing for the banks. We must lower the taxes and get rid of these regulations in order for the banks to remain solvent and that we do not have to bail the banks out like we have in the past. But the regulations do not achieve this.

This is a bill that I think really comes around to achieving and taking care of a problem and protecting everybody interested. But I am quite convinced that this is still not a fair bill, a fair approach, because we have not yet done enough for our community bankers. We must eventually apply these same principles of less regulations and less taxes to the small banker. Then we will provide a greater service to the people that are their customers, and we will certainly be allowing the poor people a greater chance to achieve a loan.

Since I strongly support the expansion of the field of membership for credit unions and was the first one in this congress to introduce multiple common bonds for credit unions in the Financial Freedom Act, H.R. 1121, I am happy to speak in support of the passage of H.R. 1151 here today. Having argued forcefully against the imposition of new regulations imposed upon credit unions, I congratulate the senate for not increasing the regulatory burden on credit unions in an attempt to "level the playing field" with banks and other financial institutions.

A better approach is to lead the congress toward lower taxes and less regulation—on credit unions, banks and other financial institutions. H.R. 1151, The Credit Union Membership Access Act, as amended by the senate, takes us one step in the right direction of less government regulation restricting individual choice. We must continue on the path of fewer regulations and lower taxes.

These regulations add to the costs of operations of financial institutions. This cost is passed on to consumers in the form of higher interest rates and additional fees. These regulations impose a disproportionate burden on smallers institutions, stifles the possibility of new entrants into the financial sector, and contributes to a consolidation and fewer market participants of the industry. Consumers need additional choices, not congressionally-imposed limits on choices.

The estimated, aggregate cost of bank regulation (noninterest expenses) on commercial banks was $125.9 billion in 1991, according to The Cost of Bank Regulation: A Review of the Evidence, Board of Governors of the Federal Reserve System (Staff Study 171 by Gregory Elliehausen, April 1998). It reports that studies estimate that this figure amounts to 12 percent to 13 percent of noninterest expenses. These estimates only include a fraction of the "most burdensome" regulations that govern the industry, it adds, "The total cost of all regulation can only be larger . . . The basic conclusion is similar for all of the studies of economies of scale: Average compliance costs for regulations are substantially greater for banks at low levels of output than for banks at moderate or high levels of output," the Staff Study concludes.

Smaller banks face the highest compliance cost in relation to total assets, equity capital and net income before taxes, reveals Regulatory Burden: The Cost to Community Banks, a study prepared for the Independent Bankers Association of America by Grant Thornton, January 1993. For each $1 million in asset, banks under $30 million in assets incur almost three times the compliance cost of banks between $30–65 million in assets. This regulation almost quadruples costs on smaller institutions to almost four times when compared to banks over $65 million in assets. These findings are consistent for both equity capital and net income measurements, according to the report.

We need to work together now to reduce the regulatory burden on all financial institutions. The IBAA study identified the Community Reinvestment Act as the most burdensome regulation with the estimated cost of complying with CRA exceeding the next most burdensome regulation by approximately $448 million or 77%. Respondents to the IBAA study rated the CRA as the least beneficial and useful of the thirteen regulatory areas surveyed. We need to reduce the most costly, and least beneficial and useful regulation on the banks.

Let's all work together now, credit unions, banks and other financial institutions, to reduce their regulatory burden. Credit unions have demonstrated that fewer regulations contribute to lower costs passed on to consumers and greater consumer choice. Let's extend that model for banks and other financial institutions.

Mr. LAFALCE. Madam Speaker, I yield 1 minute to the gentleman from California (Mr. FILNER).

Mr. FILNER. Madam Speaker, I rise today also to herald the final passage of H.R. 1151, the Credit Union Membership Access Act. Our vote today for H.R. 1151 is a vote of confidence in the 71 million Americans who are member-owners of more than 11,000 credit unions throughout the Nation.

I do not often differ with the gentleman from Massachusetts, but I represent a fairly low income district in Southern California, 75 percent of which are people of color. My district supports the credit unions. They are working in our neighborhoods and supporting our neighborhoods.

I want to praise the grassroots efforts of millions of credit union members for rising to the defense of their credit unions and fighting the battle until it was won. This bill is needed to protect them, and it provides guidance on how they can expand.

We are guaranteeing credit union members, every day workers in our Nation, the ability to choose low-cost higher returns and greater convenience. With final passage, we will be giving credit union members, everyday Americans who believe in democracy, the victory they so richly deserve.

Marla, this one's for you.

Mr. LEACH. Madam Speaker, I yield 1 minute to the distinguished gentleman from New York (Mr. QUINN).

Mr. QUINN. Madam Speaker, I want to congratulate the gentleman from Iowa (Mr. LEACH), and my good friend, the gentleman from Buffalo (Mr. LAFALCE), on their work on this, and I want to speak about this great American success story that we heard about this morning, the Nation's credit unions.

Of course, credit unions are far different from banks. They are democratically owned and primarily engaged in consumer loans, and, Madam Speaker, I believe it is this simplicity that is the secret to their success.

Credit unions are not in the business to buy other banks, they are not there to sell insurance or to acquire commercial affiliates. More importantly, they are not for profit. Credit unions have all of the revenues funneled back into the members for low cost loans.

I am a proud sponsor of the Credit Union Membership Access Act to preserve credit unions in their current status. The many differences between credit unions and banks are what make credit unions so valuable. Even bankers admit that there is a certain percentage of the population that banks cannot serve. Low wage workers oftentimes cannot afford high bank fees or loan rates. Without credit unions, these people would be forced to turn to check cashers or to pawn brokers or any number of different kinds of facilities.

I know that my district in western New York, thousands of people have come to rely on credit unions. I have constituents tell me all the time how much they mean to them, and many claim they would not be able to afford their own home, a loan to start a new business, or, in my case, attend college. It is clear to me credit unions are critical for thousands of Americans, and I urge Congress to help credit unions play an important role, now and in the future.

Mr. LAFALCE. Madam Speaker, I yield 1¼ seconds to the gentleman from Michigan (Mr. DINGELL), the distinguished ranking member of the Committee on Commerce.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)