

[COMMITTEE PRINT]

SUMMARY OF DIFFERENCES BETWEEN THE
SENATE VERSION AND THE HOUSE
VERSION OF H.R. 5874
FEDERAL FINANCING BANK ACT OF 1973

PREPARED FOR THE USE OF
THE HOUSE AND SENATE CONFEREES ON
H.R. 5874

BY THE STAFF OF THE
JOINT COMMITTEE ON
INTERNAL REVENUE TAXATION



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**SUMMARY OF DIFFERENCES BETWEEN SENATE
VERSION AND HOUSE VERSION OF H.R. 5874¹**

The purpose of the legislation is to assure coordination of Federal and federally assisted borrowing programs with the overall economic and fiscal policies of the Government, to reduce the cost of Federal and federally assisted borrowing from the public, and to assure that such borrowings are financed in a manner least disruptive of private financial markets and institutions.

H.R. 5874, as passed by both the House and Senate, contains the following key provisions:

1. It provides for a Federal Financing Bank through which the marketing of Federal and federally assisted borrowing activities can be centralized.
2. It provides for advance submission of financing plans to the Secretary of the Treasury and for Treasury approval of the method and source of financing, timing, rates of interest, maturities, and all other financing terms and conditions of certain obligations issued or sold by Federal agencies or, as provided in the Senate version of the bill, guaranteed by Federal agencies in the securities markets.

¹ H.R. 5874 was reported by the House Committee on Ways and Means on June 20, 1973, and passed the House on November 6, 1973. The Senate Committee on Banking, Housing and Urban Affairs reported S. 925 on May 21, 1973, and it was passed by the Senate on June 22, 1973. After the House passed H.R. 5874 on November 8, the Senate submitted the language of S. 925, as passed by the Senate, for the House language of H.R. 5874 and passed the bill in the Senate on November 7, 1973.

Page and
Line Number of
H.R. 5874²

Description of Differences

Federally Guaranteed Obligations (sec. 7(a) in both bills)

p. 5, l. 15

Both versions of the bill provide for prior approval by the Secretary of the Treasury of the financing plans for certain financing transactions of Federal agencies. The House version of the bill limits the prior approval requirement to obligations *issued* or *sold* by any Federal agency, and does not require prior approval for debt *guaranteed* by any Federal agency.

[p. 5, l. 11]

The Senate version of the bill requires prior Treasury approval of financing plans for all obligations issued, sold, or *guaranteed* by any Federal agency (subject to certain exceptions³ noted below).

[p. 5, l. 16-22]

The Senate version of the bill exempts from the Treasury approval requirement (1) obligations guaranteed in connection with the programs involving the guarantee of large numbers of individual obligations that are originated and serviced by local lending institutions and that are not ordinarily bought and sold in the same markets as bonds and other similar types of investment securities, and (2) obligations issued or sold by the Farmers Home Administration.⁴

p. 6, l. 1

Time for Treasury Approval (sec. 7(b) in both bills)

The House version of the bill provides that the Secretary of the Treasury cannot withhold approval of Federal agency financing plans for more than 120 days, unless within that period he submits to Congress a detailed explanation of his reasons for so doing.

[p. 6, l. 4]

The Senate version of the bill provides that the Secretary of the Treasury may withhold approval for only 60 days without submitting to Congress a detailed explanation of the reasons for so doing. The Senate version of the bill also provides, in any case, that the Secretary may not withhold approval for more than 120 days.

² Page and line numbers not in brackets refer to H.R. 5874 as passed by the House. Page and line numbers in brackets refer to H.R. 5874 as passed by the Senate.

³ Both versions of the bill provide an exception from the advance approval requirements for TVA obligations.

⁴ The Farmers Home Administration exemption was added by a floor amendment by Senator Proxmire (on behalf of Senator Humphrey).

Description of Differences

Anti-discrimination in Withholding of Treasury Approval (no provision in House bill; sec. 7 (b) of the Senate bill)

The Senate version of the bill provides that if the Secretary of the Treasury withholds approval of financing, this is not to be disproportionately detrimental to any particular type of Federal program. Consequently, if the Secretary determines that some agency financing must be delayed because of the market situation at the time, the Secretary should hold up various types of obligations on a more or less proportionate basis. [p. 6, l. 7-11]

Clerical

Clerical differences. The Senate version adds an "s" to the word "obligation" in the House version. p. 10, l. 23
[p. 11, l. 6]

Clerical

Clerical differences. The House bill adds an unneeded comma after "material" and omits a comma after "therewith." p. 11, l. 23, 24
[p. 12, l. 7, 8]

Program Limitation (sec. 18 in House bill; no provision in Senate bill)

The House version of the bill includes a clarifying section which specifically provides that nothing in the Act shall be construed as authorizing an increase in the amount of obligations issued, sold or guaranteed by any Federal agency. p. 14, l. 3

Domestic Sale of Gold (sec. 20 in Senate bill; no provision in House bill)

The Senate version of the bill provides that it is the sense of Congress that the United States should take necessary measures, including appropriate international measures, to enable it to sell gold from its gold stocks to licensed domestic users at such times and under such conditions as may be desirable, taking into account international circumstances, to stabilize domestic gold markets and improve our balance of payments. (Sec. 20 was added to the Senate bill by a floor amendment sponsored by Senator Javits.) [p. 15, l. 1-8]