

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed S. 2672 - Extending the State of Taxation of Depositories Act. This bill amends the State Taxation of Depositories Act to (1) extend the moratorium on the interstate taxation of depositories and (2) permit Federal thrift institutions in Connecticut, Rhode Island, Maine, and Vermont to offer negotiable order of withdrawal (NOW) accounts; and to amend the Truth in Lending Act with respect to cash and credit card sales transactions.

The bill consists of four sections. The first section will extend the moratorium on the interstate taxation of Federally insured depository institutions from January 1, 1976, to September 12, 1976. This moratorium prohibits a State from levying "doing business" taxes on depositories whose principal offices are located in another state. The fourth section of the bill will make this first section effective January 1, 1976.

The second section would allow Federal thrift institutions in all six New England States to offer negotiable order of withdrawal (NOW) accounts. These are interest bearing savings accounts against which checks in favor of third parties may be written.

The third section of the controlled bill adds a number of amendments to the Truth in Lending Act (TILA). These amendments will:

- permit creditors to rely on interpretations of the Act by officers or employees of the Federal Reserve System as well as on interpretations by the Board.
- define the meaning of the terms "discount" and "surcharge" when applied to cash and credit card sales transactions.
- preempt state usury laws which define discounts at the point of sale as finance charges.
- prohibit a seller from imposing a surcharge upon a credit card holder who elects to pay for a purchase by credit card rather than by cash or check.
- limit the period for which the surcharge prohibition is effective to three years after the date this bill is enacted.