

House Financial Services Committee

02:32:12 – 03:48:43 (Webcast)

Chairman McHenry:

The bill is read and is open to amendment at any point. Mr. Huizenga has an amendment in the nature of a substitute and is recognized for 5 minutes.

Rep. Bill Huizenga (R-Mich).

Thank you, Mr. Chairman.

We may have a colloquy coming here shortly. I'm going to move ahead with a little bit of a truncated opening statement on this regarding what we're doing.

I'm optimistic and hopeful that we're going to be able to come to accommodation here in committee which might give everybody back their dinner time. We'll see...

Ranking Member Waters.

Thank you very much, Mr. chairman.

I am strongly opposed to this bill. In its current form, HR 1807 ignores the reality that many investors [and] particularly seniors do not have access to or they ability to receive electronic documents, or simply do not prefer electronic delivery.

This bill requires investors to opt out of electronic delivery rather than opting in, effectively preventing individuals who do not have consistent or easy access to the Internet from viewing important financial documents about the securities they invest in.

But even though Republicans and [the] big industry interests pushing this bill will say that "investors will be able to choose," what will really happen is they will be forced to receive their documents electronically because they don't know how to receive paper delivery.

We already know that most electronic deliveries today from financial institutions result in low "click through" rates.

Online marketing firm constant contact Inc. [unclear] indicate that a little under one percent of the materials on links sent an in email messages [were] opened.

But to put it another way: Wall Street knows very clearly that no one is reading their disclosures. It is not burdensome for brokerage firms to obtain consent to electronic delivery under the SEC's current guidance. We need to ensure investors have a real choice.

AARP - the AARP - strongly opposes this bill. It's a position is that - and I quote - "millions of workers are not just without Internet access at home they also do not have access to computers at work jobs in construction transportation manufacturing and storage sectors for example unlikely to require the use of a computer roughly 50% of workers in this field have very limited exposure to computers or digital skills."

During the pandemic I heard from too many small business owners in my district who did not receive the assistance they were owed through the paycheck protection program because banks required them to apply online. They told me they didn't know how to go online. They just don't do things online.

This bill, in its current form, [and] this elitist attitude that everything should be virtual even though 8% of Americans do not have access to Internet virtually – well, those who want communications and the mail have made a choice [and] their choice should be respected. They should not be forced to jump through hoops.

Surveys also show that investors are receiving disclosures the way they want to receive them. A 2022 survey shows that 38% of investors prefer email 30% prefer mail 15% prefer in person and 10% prepared to visit their information on the website not by email according to polling by the AARP most adults with employer-sponsored retirement plans with repair prefer to receive purpose statement in the mail at least once a year. AARP notes that this is especially true for those over the age of 51.

[This bill will] force everyone into a method of communication that is the preferred choice of the industry but not that of our constituents.

Several major investor advocate groups strongly oppose this build including a AARP, Consumer Federation of America, Americans for financial reform, and Public Citizen, to name a few.

So, unless this bill addresses these concerns, I would oppose this bill.

In case - for those who don't remember, or don't know what AARP is - these are your seniors, speaking loudly and clearly on this issue.

And with that I yield back.

Rep. Joyce Beatty (D-OH).

I won't take the whole five minutes, but I think I want to thank all my colleagues for the discussion today I stand with ranking members water in opposition.

However, as I listen to my colleagues on both sides of the House.... I just heard from one of my colleagues that you know if I got it and pay for it lose it - but I'm direct apposite - if I had it in paper I have a foul I put it to go back three I might not be able to find it on this I've gotten 200 emails and information and I just hit delete all of them.

The other thing I want to say is when we're talking: I can remember when someone was trying to force me to get my paycheck electronically and I filed against it with the government.

Where I'm going with this, Mr. chairman and ranking member, is I think we've heard a lot of stuff that's good from both sides at all points which I think we should continue in further discussion.

If you talk about those who protect the elderly they've been in opposition. For AARP, it's not just because of age, and that said, that gives me an alarm that we need to continue to discuss this because the statistics that I have will show that roughly 39, million Americans over 50 lack Internet services in their home.

Yes, they could say to you – “you can go to the library, or you can go here and do it” - but the real reality of how many people do that...

We also have statistics that say at least 20% of people living in rural areas of the United States still do not have access to broadband.

And, yes, I think the chairman is right we fight hard for broadband. And I think the ranking member is correct that, well, millions of Americans nationwide lack of affordable access to the Internet or a computer.

Yes, the Internet is free. But last time I checked computers are not free and so I think we have to figure out is there a compromise where we can both win and that would simply say to the American people that [we] respect their right now.

You may say I'm a senior

For long time I would've been saying my preference to get this information would not be forcing me to find it on the Internet and you're right.

Mr. Chairman I was here when we get the beeper system, but I was also here when we had things that face the nation that we had to go on live and we had to do it and a large number of us did not do it if we go back to PPP when we were giving the dollars out the small businesses on rule or seniors it was a combination of people

We had to come back and look at the system again because they could not fill out the forms electronically, or did not understand it.

We recently had something for us (Congress) to be in reimbursed electronically and I had a whole lot of people that they did not understand how to do this.

So ,with that, Mr. chairman

I would also propose that we could voice-vote this out, continue to work on, with all of us in agreement, and come to good compromise.

Ranking member Waters.

Mr. Huizenga, the first thing I want to ask you is does this bill guarantee.... after yes a big line yes how does it do that so you have in fact it's...

Rep. Huizenga.

OK interesting you should say that because my colleague sitting to my left [Rep. Ann Wagner, R-MO] just got an email saying her needing her requiring her to do action required [to] “please complete your enrollment in E delivery,” so an active email that just came in while we were having this conversation saying she had to affirm that she would agree to e-delivery only thing is she couldn't get that notice unless she had provided the email...

Please take this is the lighthearted [spirit] I'm intending it. Despite the minorities best efforts to derail their own understanding and deal, to keep this moving forward. I'm trying to keep the focus on doing...

Ranking Member Waters.

You have been taking up a lot of time... I requested this colloquy and I need to go basics and speak to some of the issues that really concerned me and the first one is - even if, and I don't know where it is in the bill - that I've got is guaranteed that [seniors] don't know how if I had to go to opt out...

Chairman Patrick McHenry.

In section 4, it says... top of the page.... [Reads.]

Ranking Member Waters.

The gentleman yields back to me, and I would like to go further and indicate that the seniors in particular - that I am really concerned [seniors] don't know how to opt out and let me just say this going further than that this is why today we're talking about the seniors I'm talking about the entire population of this country and the reason that I'm talking about them is we need to get more time and consideration of all who will be interacting with government in any way to be able to opt out if they decide to.

[Rep. Brad Sherman (D-CA) speaks and then yields to Rep Josh Gottheimer (D-NJ)]

Rep. Josh Gottheimer (D-NJ):

Thank you, Mr. Sherman and I want to thank the ranking members well.

Obviously, this is a topic where there's certainly good perspectives worth - I think - sharing.

I still remain very optimistic, based on our discussions, and I'm really grateful to off at Miss Patterson [D-CO] and to the Ranking Member for finding I believe we can find a way forward here that addresses everyone's issues.

I'm really committed.

I think we all are just figuring that out working forward.

I want to thank everyone for having such a constructive discussion on this [and] I think it's worth really taking the time after today to make sure we all get together and find a way forward.

AARP has raised concerns and considerations that we should definitely address. And I believe we can get them.

There [are] environmental concerns here - we all know. We want to address that.

We also want to make sure that we address the needs of all stakeholders and I believe we can do that so I think we should all remain committed to finding we're forward together in a bipartisan [way].

2

I would like to yield to the chair to have a description of what is being offered in terms of getting together with us to try and work out - these are difficult to cease problems.

Will you, Mr. Chair, say publicly what it is you are proposing can be done – should be done - before this bill gets to the floor? What you were proposing be done?

Chairman McHenry.

I'm not proposing anything.

What I said – and what was said before us, and with members of this committee - if they want to engage publicly on this they can – and that if they come to some level of assurance, if they want assurances and if they give each other's assurances – then I will follow that. Since there's been no offering by the Minority to the Majority on this and there's been no understanding...

I thought there was a colloquy contemplated, and that has not occurred, so I'm not going to pledge anything on behalf of two members. I don't think that's a fair and reasonable thing.

Rep. Gottheimer.

I think there is a commitment – unless something has changed – from Mr. Huizenga, and Mr. Nickel, and the Ranking member and her team, and the majority and their team – to get together and work something out...

Ranking Member Waters.

So, what you're telling me is Mr. Huizenga has committed to something. Would you explain what the something is be the [Ranking Member] so she can understand what she can or cannot agree to?

Rep. Gottheimer.

I think what we are committed to working out is to find an agreements that would address both the concerns of those who want to make sure certain folks are able receive paper going forward, and those who will not – with always the option of opting out – but those are exactly the kind of discussions we're having, and I think we can work together on it. And I think we have. And I really appreciate Mr. Huizenga working with other parties to find a way forward here – and I think we can.

Ranking Member Waters.

If the gentleman will yield, let me just indicate to you that my staff have organized any number of possible amendments to this bill, and so when we talk about what we're going to work out, we've only been talking a little bit about "opt out," but there are a number of amendments we might be interested in... If you're saying to me that's the kind of thing that can be worked on, the [Ranking Member] will decide that we ill in fact agree to that agreement.

Chairman McHenry.

If the gentleman from New Jersey wishes to have a public colloquy with the gentleman from Michigan that would give the rest of the committee some understanding of what the heck is going on.

Rep. Huizenga.

I have pledged to Mr. Gottheimer and Mr. Nickel that I will not – short of coming to an agreement today, which I don't believe we're going to be able to do timewise, there's a lot of details that need to get worked out. Those affected by this, AARP itself needs to look at it, those that send out the

things... We're going to need a little time. If they are willing to take my word that I'm willing to work with the interested parties, we can dispense with [deleterious amendments] with an understanding that good faith effort is going to be put in to coming up with an agreement that would be satisfactory to both sides, because if its not satisfactory to me and both sides its not going to hit the Floor.

My commitment is if its not satisfactory to the others, we're not going to take it to the Floor as it is.

Ranking Member Waters.

Let me just say that, given that description, the [Ranking Member] is willing to agree to it. But let me understand exactly what's being agreed to - and there are other amendments to be considered...

Chairman McHenry.

And just to note for the record, I'm the chair.

What was discussed before me here was that the bill's sponsors, Mr. Huizenga and Mr. Nickel, were working with her colleagues that have that have substantive of concerns about the design of the how we enable E delivery. Mr. Gottheimer and Ms. Beatty had concerns, and they raised them. It was my understanding that Mr. Huizenga had an understanding of their concerns and gave assurance that they would come together before we hit the Floor with a properly drafted change to the bill to accommodate their concerns. Ms. Beatty, Mr. Gottheimer.

It was my understanding that Mr. Huizenga and Mr. Nickel pledge to do that.

It is the Chair's intention to acknowledge that - when members are leading on policy, I want to enable this committee to go work it's will, and I think it's worked out - I think that was done - but it is up to members to make that pledge to one another and I will act as a priest in my church which is when a husband and wife when a man a woman stand before them, it is simply the priest's ability to acknowledge what they've pledged to one another.

I acknowledge your pledge to one another, and I will pledge to you that I will not ask my leadership to bring this to the Floor without that accommodation of those four members.

Ranking Member Waters.

What [the Chairman] did not recognize is that the first indication that there were problems with this bill came from the Ranking Member. The Ranking Member started out with a discussion and a description of what she felt was wrong with the bill. Yes, you have certainly talked to other members who are absolutely wanting to help to work this out. I can agree to work this out given I know what has been decided about those who were negotiating.

If you tell me that in the negotiations you are willing not only to look at what the members and the chair have indicated are their concerns, and I can agree to that because Mr. Huizenga is saying that - in essence - then I will agree to that. Even though you may be the high priest over there.

Chairman McHenry.

I am chair of the committee. The majority decides whose the chair, and that's how it works, and the minority decides who is the ranking member.

But we're first among equals on this committee. Where you said and where I said. And sometimes we have different views from our members, occasionally - we don't want to say "always" or "sometimes," but on occasion. But it should be in our interest to let this committee work it's will.

Ranking Member Waters.

That's right.

Chairman McHenry.

There are times where we just have to let our members go work it out. And I think, in the course of this, we're in a better position.

The question now occurs on the amendment in the nature substrate is adopted the question now course on ordering the bill HR 1807 as amended reported to the House with a favorable recommendation.