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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1744

04/10/2013 Authored by Hamilton; Ward, J.A.; Torkelson; Swedzinski; Gruenhagen and others

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy

- 1.1 A resolution
- 1.2 memorializing Congress to enact legislation that would reinstate the separation of
- 1.3 commercial and investment banking functions in effect under the Glass-Steagall Act
- 1.4 (Banking Act of 1933).
- 1.5 WHEREAS, an effective monetary and banking system is essential to the proper
- 1.6 functioning of the economy; and
- 1.7 WHEREAS, an effective monetary and banking system must function in the public interest
- 1.8 without bias; and
- 1.9 WHEREAS, the federal Banking Act of 1933, commonly referred to as the Glass-Steagall
- 1.10 Act, protected the public interest in matters dealing with the regulation of commercial and
- 1.11 investment banking, in addition to insurance companies and securities firms; and
- 1.12 WHEREAS, the Glass-Steagall Act was repealed in 1999, permitting members of the
- 1.13 financial industry to exploit the financial system for their own gain in disregard of the public
- 1.14 interest; and
- 1.15 WHEREAS, many financial industry entities were saved by the United States Treasury at a
- 1.16 cost of billions of dollars to American taxpayers; and
- 1.17 WHEREAS, within the hundreds of pages of the Dodd-Frank Wall Street Reform and
- 1.18 Consumer Protection Act, there are no prohibitions that prevent "too big to fail" financial services
- 1.19 organizations from investing in or undertaking substantial risks involving trillions of dollars
- 1.20 of derivative contracts; and
- 1.21 WHEREAS, the American taxpayers continue to be at risk for the next round of bank failures,
- 1.22 as enormous risks are undertaken by financial services conglomerates; NOW, THEREFORE,

2.1 BE IT RESOLVED by the Legislature of the State of Minnesota that it urges the President
2.2 and the Congress of the United States to enact legislation that would reinstate the separation of
2.3 commercial and investment banking functions in effect under the Glass-Steagall Act (Banking
2.4 Act of 1933). That Act prohibited commercial banks and bank holding companies from investing
2.5 in stocks, underwriting securities, or investing in or acting as guarantors to derivative transactions,
2.6 in order to prevent American taxpayers from being called upon to fund hundreds of billions of
2.7 dollars to bail out financial institutions.

2.8 BE IT FURTHER RESOLVED that the Secretary of State of the State of Minnesota is
2.9 directed to prepare copies of this memorial and transmit them to the President of the United
2.10 States, the President and the Secretary of the United States Senate, the Speaker and the Clerk
2.11 of the United States House of Representatives, the chair of the Senate Committee on Banking,
2.12 Housing, and Urban Affairs, the chair of the House Committee on Financial Services, and
2.13 Minnesota's Senators and Representatives in Congress.