SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 2334

1.1   A resolution

1.2   memorializing the Congress of the United States to enact legislation that would
1.3   reinstate the separation of commercial and investment banking functions that were in
1.4   effect under the Glass-Steagall Act, the Banking Act of 1933.

1.5   WHEREAS, an effective monetary and banking system is essential to the proper function

1.6   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1.12   WHEREAS, the Glass-Steagall Act was repealed in 1999, permitting members of the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

1.22   failures, as enormous risks are undertaken by financial services conglomerates; and

2.1   WHEREAS, in the 113th Congress, Representatives Marcy Kaptur (D-OH) and Walter

2.2   Jones (R-NC) introduced H.R. 129, the Return to Prudent Banking Act of 2013, to revive the

2.3   separation between commercial banking and the securities business that had been required

2.4   under the Glass-Steagall Act; and in the Senate, Senator Tom Harkin (D-IA) introduced S. 985

2.5   and Senators Elizabeth Warren (D-MA), Angus King (I-ME), John McCain (R-AZ), and Maria

2.6   Cantwell (D-WA) introduced S. 1282 to parallel the House bill; and

2.7   WHEREAS, the Return to Prudent Banking Act of 2013, H.R. 129, has 78 cosponsors,

2.8   including Representative Mike Coffman, chairman of the Congressional Balanced Budget

2.9   Amendment Caucus; and

2.10   WHEREAS, Glass-Steagall has widespread national support from organizations such as

2.11   the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), the

2.12   American Federation of Teachers, and the International Association of Machinists, as well as

2.13   from prominent economic and business leaders including Thomas Hoenig of the FDIC, Sanford

2.14   Weill, former CEO of Citigroup, economist Luigi Zingales, the *New York Times,* the *St. Louis*

2.15   *Post-Dispatch,* the *LA Times,* and many others; NOW, THEREFORE,

2.16   BE IT RESOLVED by the Legislature of the State of Minnesota that it urges the Congress

2.17   of the United States to enact legislation that would reinstate the separation of commercial and

2.18   investment banking functions that were in effect under the Glass-Steagall Act, the Banking Act

2.19   of 1933. That act prohibited commercial banks and bank holding companies from investing in

2.20   stocks, underwriting securities, or investing in or acting as guarantors to derivative transactions,

2.21   in order to prevent American taxpayers from being called upon to fund hundreds of billions of

2.22   dollars to bail out financial institutions.

2.23   BE IT FURTHER RESOLVED that the Secretary of State of the State of Minnesota is

2.24   directed to prepare copies of this memorial and transmit them to the President of the United States,

2.25   the President and Secretary of the United States Senate, the Speaker and the Clerk of the United

2.26   States House of Representatives, and Minnesota's Senators and Representatives in Congress.