

As Introduced

**132nd General Assembly
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S. C. R. No. 17

Senator Schiavoni

Cosponsors: Senators Yuko, Thomas, Tavares, Brown

A C O N C U R R E N T R E S O L U T I O N

To urge the United States Congress and the President of 1
the United States to return to a national banking and 2
direct credit system to build modern economic 3
infrastructure and advance productivity. 4

BE IT RESOLVED BY THE SENATE OF THE STATE OF OHIO (THE HOUSE OF REPRESENTATIVES CONCURRING):

WHEREAS, There is an ongoing banking crisis gripping the 5
United States and other nations, typified by the massive fraud 6
committed by Wells Fargo Bank, and the ongoing malfeasance at JP 7
Morgan Chase, Bank of America, HSBC, Goldman Sachs, and other 8
major banking entities. "Too Big to Fail Banks" have paid tens 9
of billions of dollars in fines for criminal activities against 10
the American public. The same banks are still holding \$250 11
trillion of derivative contracts on their books - the same 12
derivatives that blew up the economy in 2008; and 13

WHEREAS, The financial crisis is being driven by a collapse 14
of industry and infrastructure. Over the past decade, Gross 15
Domestic Product grew at the anemic rate of 1-2% per year and 16
productivity rose at an even worse rate of .5% or less per year; 17
and 18

WHEREAS, A durable recovery will require adoption of 19

national credit banking policies as was done under President 20
George Washington and Secretary of the Treasury Alexander 21
Hamilton, President John Quincy Adams, President Abraham 22
Lincoln, and President Franklin D. Roosevelt. This program of 23
federal credit to industry, states, and cities built the 24
industry and agriculture of our nation. Credit can be made 25
available for the creation of productive jobs in infrastructure, 26
manufacturing, and high technology projects, thus creating mass 27
employment for our unemployed and underemployed workforce; and 28

WHEREAS, The establishment of a Bank of the United States 29
operating as a commercial bank will restore the valid profit to 30
the commercial banking system that arises from manufacturing, 31
industry, increasing productivity of lands and soils, and the 32
building of new, technologically advanced infrastructure that 33
promotes these; now therefore be it 34

RESOLVED, That we, the members of the 132nd General 35
Assembly of the State of Ohio, in adopting this resolution, urge 36
the United States Congress and the President of the United 37
States to charter a public corporation to be called the Bank of 38
the United States, which would be authorized to: 39

(1) Provide credit for major national projects of 40
infrastructure including surface transportation and ports, water 41
management and supply, drought prevention, flood prevention, 42
storm protection, electrical energy production and distribution, 43
and space exploration; 44

(2) Make loans to agencies of the United States authorized 45
for such projects; 46

(3) Enter joint ventures with agencies of other nations to 47
provide credit for major international projects of new 48
infrastructure; 49

(4) Provide credit to state and municipal capital projects 50

by purchase of municipal bonds as issued;	51
(5) Discount bank loans to businesses participating in such projects; and	52 53
(6) Cooperate with the United States Export-Import Bank to provide trade credits to businesses engaged in international infrastructure projects.	54 55 56
Projects funded by the Bank of the United States would expand Buy American provisions, protect and encourage the use of project labor agreements, require the use of Davis-Bacon prevailing wage standards, ensure racial and gender equity in hiring, and guarantee investment in disadvantaged communities most in need, in urban and rural jurisdictions; and be it further	57 58 59 60 61 62 63
RESOLVED, That:	64
(1) The Bank of the United States would be capitalized up to a maximum of \$3 trillion by public holders of (a) outstanding Treasury securities of three years or greater maturity and (b) outstanding municipal bonds of five years or greater maturity, who would subscribe these securities as stock in the Bank and would receive, in exchange, preferred shares in the Bank, callable during a period of 20 years only by the Bank, bearing fixed annual dividend to be determined by the Bank's board of directors, but not to be less than 4% per annum. Dividend and redemption payments on the shares of the Bank would be guaranteed by the U.S. Treasury.	65 66 67 68 69 70 71 72 73 74 75
(2) The Treasury would be an "on-call" subscriber to the Bank in an amount up to \$100 billion in new issues of 30-year U.S. Treasury bonds, and would receive the same preferred shares in exchange.	76 77 78 79
(3) As authorized by the Thomas Amendment to the Agricultural Adjustment Act, signed into law on May 12, 1933,	80 81

following the subscription of the Bank's capital, the Bank would 82
be provided with an issue of U.S. Treasury Notes (Greenbacks), 83
equal to the capital subscribed to the Bank in the form of 84
outstanding Treasury securities under (1)(a) above, for use as 85
circulating capital, for investment in its productive purposes. 86

(4) The Bank would be authorized to receive U.S. government 87
revenue deposits, specifically the proceeds of the Federal tax 88
on gasoline (the Highway Trust Fund), as a fund with which to 89
pay the interest on its preferred stock. 90

(5) The Bank would receive into its circulating deposits, 91
regular interest payments from the U.S. Treasury at intervals of 92
180 days on the outstanding Treasury securities that have been 93
subscribed as capital in the Bank. 94

(6) State and municipal agencies that receive capital 95
project support through purchase by the Bank of municipal 96
capital bonds would be required to keep on deposit at the Bank, 97
5% of the proceeds of such bond purchases, until the completion 98
and final commissioning of the project involved. 99

(7) The Bank would be authorized to borrow from the 100
discount windows of the Federal Reserve Banks for periods of up 101
to one year, against state and municipal capital bonds that it 102
has purchased. 103

(8) The Bank would be authorized further to raise borrowed 104
capital for its project investments from the public, from 105
commercial banks and business corporations, and from investment 106
funds, by issuing additional debenture bonds up to a total equal 107
to its subscribed capital. These liabilities of the Bank would 108
have a guarantee from the U.S. Treasury. The bonds of the Bank 109
would be qualified for purchase by commercial banks operating 110
under Glass-Steagall standards and would be discountable at 111
Federal Reserve Banks. 112

(9) Subscribers to the capital of the Bank who are not U.S. 113
citizens or U.S.-based institutions would be nonvoting 114
shareholders; and be it further 115

RESOLVED, That the Bank of the United States would discount 116
loans to participants in approved projects, made by commercial 117
banks operating under Glass-Steagall standards of regulation. 118
The rate of discounting of loans would be determined by the 119
Bank's board of directors, but shall not be less than 50%; and 120
be it further 121

RESOLVED, That: 122

(1) The majority of loans and discounts made by the Bank 123
should coincide in maturities with the time periods of 124
anticipated profitability and projected useful life of the 125
projects and new facilities financed with the loans and 126
discounts. 127

(2) The Bank could make loans to companies involved in 128
manufacturing related to the purposes described above for 129
additional needs of capital expansion, where those companies can 130
show that the additional capital cannot be obtained from local 131
or regional private commercial banks. 132

(3) The Bank could extend the time for payment of a loan, 133
through renewal, substitution of new obligations, or otherwise, 134
with the maximum time for such renewal to be established by the 135
Bank's board of directors. The Bank could make such further 136
loans for completion of projects or additions, improvements, and 137
extensions necessary for the proper functioning of the project, 138
or that will increase assurance of the borrower to repay the 139
entire loan or loans. 140

(4) The Bank could make loans that are initially in 141
cooperation with other lending institutions, participating in 142
such loans by up to 50%; and be it further 143

RESOLVED, That the directors of the Bank would establish an office of lending, discount, and deposit in each of the Federal Reserve Districts, and in any other state where Congress may require it by law; and be it further

RESOLVED, That:

(1) There would be 25 directors of the Bank, appointed for terms of five years by the President, subject to approval by the next annual general shareholders' meeting. The majority of the directors should be actively engaged in industrial or engineering activity or have had at least 15 years' experience in industry or infrastructure, to include at least two representatives from the United States Army Corps of Engineers and at least two representatives from the National Aeronautics and Space Administration and space industry, and two officials of the AFL-CIO. The board of directors would elect one of the directors to be president of the Bank for a term of five years and as necessary thereafter. The president would be required to assemble a staff with experience in the commercial banking, engineering, heavy construction, and scientific fields, which staff the president would direct to assess the feasibility, productivity, and cost of investments.

(2) The directors of the bank, at their first meeting, should decide on the schedule of their periodic meetings and on a rotating executive committee that would have authority to approve infrastructure projects, including international agreements for projects of particular importance, between regular meetings of the board.

(3) The Bank would receive from Congress an authorization of \$100 million for the initial organization of the Bank's directors and staff; and be it further

RESOLVED, That the Bank would not purchase public debt of

the United States as issued, nor make any loan on the pledge 175
thereof and that the total amount of the debts that the Bank 176
would owe at any time could not exceed the capital stock of the 177
Bank plus its deposits, unless the contracting of a greater debt 178
is authorized by an Act of Congress; and be it further 179

RESOLVED, That the Clerk of the Senate transmit duly 180
authenticated copies of this resolution to the President of the 181
United States, the President Pro Tempore of the United States 182
Senate, the Speaker of the United States House of 183
Representatives, the members of the Ohio Congressional 184
delegation, and the news media of Ohio. 185