

112TH CONGRESS
1ST SESSION

H. R. 1638

To stimulate the economy, provide for a sound United States dollar by defining a value for the dollar, to remove the authority of Federal Reserve banks to pay earnings on certain balances maintained at such banks, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2011

Mr. POE of Texas introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Ways and Means and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To stimulate the economy, provide for a sound United States dollar by defining a value for the dollar, to remove the authority of Federal Reserve banks to pay earnings on certain balances maintained at such banks, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Dollar Bill Act of
5 2011”.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) Article I, section 8 of the Constitution of
4 the United States provides that the Congress shall
5 have Power to coin money, regulate the value there-
6 of, and of foreign coin, and fix the standard of
7 weights and measures.

8 (2) Congress effectively delegated the power to
9 regulate the value of United States money and for-
10 eign money to the Federal Reserve System via the
11 Federal Reserve Act of 1913.

12 (3) The value of the United States dollar has
13 fallen dramatically relative to gold, crude oil, other
14 real commodities and major foreign currencies.

15 (4) The value of the United States dollar has
16 become unstable and uncertain.

17 (5) The Board of Governors of the Federal Re-
18 serve System has not produced a stable and reliable
19 value for the United States dollar.

20 (6) The Board of Governors of the Federal Re-
21 serve System cannot reasonably be expected to
22 produce a stable and reliable value for the United
23 States dollar.

24 (7) An unstable dollar slows the growth of the
25 economy by increasing the cost of capital, increasing
26 the risks attendant to long-term capital investment,

1 and increasing the effective rate of the corporate in-
2 come tax.

3 (8) An unstable dollar reduces the real earnings
4 of American workers.

5 (9) An unstable dollar reduces the real value of
6 financial assets held by the public.

7 (10) An unstable dollar reduces the real value
8 of pension plans and retirement accounts upon
9 which Americans depend for their security.

10 (11) An unstable dollar damages the economic
11 and political standing of the United States in the
12 world community.

13 (12) An unstable dollar gives rise to anxiety,
14 uncertainty, and risk among the financial markets
15 and the public.

16 **SEC. 3. DIRECTIVES TO THE BOARD OF GOVERNORS OF**
17 **THE FEDERAL RESERVE SYSTEM.**

18 (a) IN GENERAL.—Before the end of the 90-day pe-
19 riod beginning on the date of the enactment of this Act,
20 the Board of Governors of the Federal Reserve System
21 shall make the value of the U.S. dollar equal to the price
22 of gold on the exchange operated by the Commodities Ex-
23 change, Inc. (COMEX) of the New York Mercantile Ex-
24 change, Inc. and maintain the value of the United States
25 dollar at this level.

1 (b) TARGET.—In regulating the value of the United
2 States dollar, the Board of Governors of the Federal Re-
3 serve System shall not conduct open market operations in-
4 directly, as in the current practice of targeting the Federal
5 Funds rate.

6 (c) PROMOTION OF STABLE AND EFFECTIVE FINAN-
7 CIAL MARKETS.—The Board of Governors of the Federal
8 Reserve System shall use the banking and bank regulatory
9 powers of the Board to maintain and promote stable and
10 effective financial markets during and after the transition
11 to a defined value for the United States dollar.

12 **SEC. 4. TAX DEPRECIATION.**

13 Effective January 1, 2011, all entities that depreciate
14 capital assets for tax purposes shall be entitled to 100 per-
15 cent expensing of all capital investment for tax purposes
16 in the year that the investment is made.

17 **SEC. 5. DIRECTIVE TO THE CONGRESSIONAL BUDGET OF-**
18 **FICE.**

19 In addition to the scoring that the Congressional
20 Budget Office will do of the tax changes provided in this
21 Act in the normal course of events, the Congressional
22 Budget Office shall also calculate the impact on Federal
23 revenues on a present value basis. This calculation shall
24 be done in the manner that such calculations are done by

1 the Social Security Trustees, and shall take into account
2 the following:

3 (1) That first year expensing of capital invest-
4 ment accelerates, but does not change the total
5 amount of the depreciation that taxpayers take
6 based upon their investments.

7 (2) Capital investments by businesses have his-
8 torically earned much higher returns than the inter-
9 est rate on government bonds.

10 **SEC. 6. CONFLICT OF LAWS PROVISION.**

11 In the event that any provisions of this Act are found
12 to be in conflict with those of the Full Employment and
13 Balanced Growth Act of 1978, the provisions of this Act
14 shall supersede the provisions of such Act to the extent
15 of the conflict.

16 **SEC. 7. REMOVAL OF FEDERAL RESERVE BANK AUTHORITY
17 TO PAY EARNINGS ON RESERVES.**

18 Section 19(b)(12) of the Federal Reserve Act (12
19 U.S.C. 461(b)(12)) is amended—

20 (1) in the heading of such paragraph, by strik-
21 ing “EARNINGS” and inserting “NO EARNINGS”;

22 (2) in subparagraph (A), by striking “may re-
23 ceive earnings to be paid by the Federal Reserve
24 bank at least once each calendar quarter, at a rate
25 or rates not to exceed the general level of short-term

1 interest rates” and inserting “may not receive earn-
2 ings paid by the Federal Reserve bank”;

3 (3) by striking subparagraph (B); and

4 (4) by redesignating subparagraph (C) as sub-
5 paragraph (B).

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