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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

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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Dollar Bill Act of 2011''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Article I, section 8 of the Constitution of the United States provides that the Congress shall have Power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

(2) Congress effectively delegated the power to regulate the value of United States money and foreign money to the Federal Reserve System via the Federal Reserve Act of 1913.

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

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

(5) The Board of Governors of the Federal Reserve System has not produced a stable and reliable value for the United States dollar.

(6) The Board of Governors of the Federal Reserve System cannot reasonably be expected to produce a stable and reliable value for the United States dollar.

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

and increasing the effective rate of the corporate income tax.

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

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

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

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

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

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

(a) IN GENERAL.—Before the end of the 90-day period beginning on the date of the enactment of this Act, the Board of Governors of the Federal Reserve System shall make the value of the U.S. dollar equal to the price of gold on the exchange operated by the Commodities Exchange, Inc. (COMEX) of the New York Mercantile Exchange, Inc. and maintain the value of the United States dollar at this level.

(b) TARGET.—In regulating the value of the United States dollar, the Board of Governors of the Federal Reserve System shall not conduct open market operations indirectly, as in the current practice of targeting the Federal Funds rate.

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

SEC. 4. TAX DEPRECIATION.

Effective January 1, 2011, all entities that depreciate capital assets for tax purposes shall be entitled to 100 percent expensing of all capital investment for tax purposes in the year that the investment is made.

SEC. 5. DIRECTIVE TO THE CONGRESSIONAL BUDGET OFFICE.

In addition to the scoring that the Congressional Budget Office will do of the tax changes provided in this Act in the normal course of events, the Congressional Budget Office shall also calculate the impact on Federal revenues on a present value basis. This calculation shall be done in the manner that such calculations are done by the Social Security Trustees, and shall take into account the following:

(1) That first year expensing of capital investment accelerates, but does not change the total amount of the depreciation that taxpayers take based upon their investments.

(2) Capital investments by businesses have historically earned much higher returns than the interest rate on government bonds.

SEC. 6. CONFLICT OF LAWS PROVISION.

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

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

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

(1) in the heading of such paragraph, by striking ‘‘EARNINGS’’ and inserting ‘‘NO EARNINGS’’;

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

interest rates'' and inserting ''may not receive earnings paid by the Federal Reserve bank'';

(3) by striking subparagraph (B); and

(4) by redesignating subparagraph (C) as subparagraph (B).

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