

112TH CONGRESS
1ST SESSION

S. RES. 188

Opposing State bailouts by the Federal Government.

IN THE SENATE OF THE UNITED STATES

MAY 18, 2011

Mr. KIRK submitted the following resolution; which was referred to the
Committee on Banking, Housing, and Urban Affairs

RESOLUTION

Opposing State bailouts by the Federal Government.

Whereas each State of the Union is a sovereign entity with
a constitution and authority to issue sovereign debt;

Whereas the legislature of each State of the Union has the
authority to reduce spending or raise taxes to pay the ob-
ligations to which the State has committed itself;

Whereas the officials of each State of the Union have the
legal obligation to fully disclose the financial condition of
the State to investors who purchase the debt of such
State;

Whereas Congress has rejected prior requests from State
creditors for payment of defaulted State debt; and

Whereas during the financial crisis in 1842, the Senate re-
quested that the Secretary of State report any negotia-
tions with State creditors to assume or guaranty State

debts, to ensure that no promises of Federal Government support were proffered: Now, therefore, be it

1 *Resolved*, That—

2 (1) the Federal Government should take no ac-
3 tion to redeem, assume, or guarantee State debt;
4 and

5 (2) the Secretary of the Treasury should report
6 to Congress negotiations to engage in actions that
7 would result in an outlay of Federal funds on behalf
8 of creditors to a State.

○