

1 **A Resolution in Opposing State Bailouts by the Federal Government**

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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 obligations 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 requested that the Secretary of State report any negotiations with State creditors to assume or guaranty State debts, to ensure that no promises of Federal Government support were proffered:

NOW THEREFORE, LET IT BE RESOLVED THAT:

- (1) the Federal Government should take no action to redeem, assume, or guarantee State debt; and
- (2) the Secretary of the Treasury should report to Congress negotiations to engage in actions that would result in an outlay of Federal funds on behalf of creditors to a State.



COMMON CAUSE
Holding Power Accountable