

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Joint Resolution 5 (Delegate Impallaria, *et al.*)  
Rules and Executive Nominations

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**Federal Money and Banking**

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This joint resolution urges the U.S. Congress to pass legislation to (1) restore a currency system backed by gold and silver; (2) phase out Federal Reserve notes; and (3) return to free market banking practices.

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**Fiscal Summary**

**State Effect:** The bill does not directly affect State finances or operations.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law/Background:** Article I of the U.S. Constitution states that “Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures,” and that “no state shall... make anything but gold and silver coin a tender in payment of debts.” In 1785, U.S. Congress adopted the dollar as the monetary unit of the United States.

The Coinage Act of 1792 created the U.S. mint; established a federal monetary system; and specified the value of each coin in gold, silver, or copper. The Gold Standard Act officially placed the United States on the gold standard on March 14, 1900. In June 1933, the United States abandoned the gold standard; all existing contracts and currency that required redemption in gold were no longer considered valid.

Federal Reserve notes are legal tender currency notes issued by the 12 Federal Reserve Banks pursuant to the Federal Reserve Act of 1913. A Federal Reserve note is a liability of the Federal Reserve Banks and an obligation of the U.S. Government. The U.S. Congress has specified that a Federal Reserve Bank must hold collateral equal in value to the Federal Reserve notes it receives from the U.S. Bureau of Engraving and Printing. Federal Reserve notes are not redeemable in gold, silver, or any other commodity.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** U.S. Bureau of Engraving and Printing, U.S. Department of the Treasury; Department of Legislative Services

**Fiscal Note History:** First Reader - March 16, 2009  
mlm/ljm

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