

# SENATE BILL REPORT

## SJM 8005

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As Passed Senate, February 5, 2025

**Brief Description:** Requesting that Congress enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall act.

**Sponsors:** Senators Hasegawa, Stanford, Trudeau and Wellman.

**Brief History:**

**Committee Activity:** Business, Financial Services & Trade: 1/16/25, 1/22/25 [DP, w/oRec].

**Floor Activity:** Passed Senate: 2/5/25, 44-5.

**Brief Summary of Joint Memorial**

- Requests the U.S. Congress to enact legislation to reinstate the separation of commercial and investment banking functions that were in effect under the Glass-Steagall Act.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

**Majority Report:** Do pass.

Signed by Senators Kauffman, Chair; Cortes, Vice Chair; Dozier, Ranking Member; Fortunato, Hasegawa, Lovick, Stanford and Wilson, J..

**Minority Report:** That it be referred without recommendation.

Signed by Senator McCune.

**Staff:** Clint McCarthy (786-7319)

**Background:** The Glass-Steagall Act was passed by the U.S. Congress in 1933 as the Banking Act, which prohibited commercial banks from participating in the investment banking business. Glass-Steagall was sponsored by Senator Carter Glass, a former Treasury

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Secretary, and Representative Henry Steagall, a member of the House of Representatives and chairman of the House Banking and Currency Committee. The act was passed as an emergency measure to counter the failure of almost 5000 banks during the Great Depression.

The Gramm-Leach-Bliley Act of 1999 (GLBA) was passed by Congress on November 12, 1999. The GLBA repealed most of the Glass-Steagall Act of 1933.

**Summary of Joint Memorial:** The bill requests the U.S. Congress to reinstate the separation of commercial and investment banking functions that were in effect under the Glass Steagall Act.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Some things have an outsized impact on the economy. Glass-Steagall came as a response to the forces that caused the Great Depression. No insurance on deposits contributed to the onset of the Great Depression. Without the separation between commercial banking and investment banking, investment banking can use our savings to make risky bets on certain investments. Over the years, loopholes were made in the law. In 1999, Clinton removed the wall between commercial and investment banking. Once the barrier was removed, banks became overextended and led to the Great Recession in 2008. Since the Great Recession, there has been a movement to reestablish Glass-Steagall to protect our deposits.

**Persons Testifying:** PRO: Senator Bob Hasegawa, Prime Sponsor.

**Persons Signed In To Testify But Not Testifying:** No one.