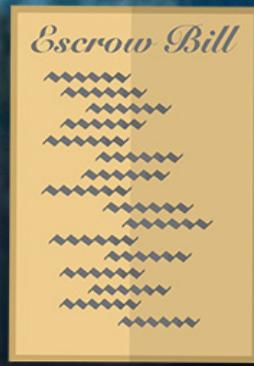




UNDERSTANDING “ESCROW BILL”



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As we have previously covered, nullification is an effective tool to enforce the Constitution and rein in the federal government. But how can we stop federal spending?

States can use nullification to stop unconstitutional federal spending, just as they can use it to stop other federal usurpations.

One key way they can accomplish this is by enacting a “State Sovereignty and Federal Tax Funds Act,” also referred to as an “escrow bill.” Under it, federal taxes would first be sent to the state government. The state would then calculate the percentage of *constitutional* federal spending and send only that percentage of the funds to the federal government.

Since an estimated 80% of federal spending is unconstitutional, this bill would save taxpayers a significant amount of their hard-earned income, put heavy pressure on the federal government to cut its spending, and protect the states from financial federal retaliation.

This bill has been introduced in multiple states in previous years, including Georgia, Missouri, Ohio, Oklahoma, and Washington. To get serious about countering federal usurpations, state legislators must enact this bill into law.

States can also nullify the Federal Reserve and its monopoly on monetary policy. The Federal Reserve’s ability to create money has encouraged Congress to engage in reckless spending.

Already, multiple states have enacted legislation doing so.

For example, multiple states have abolished taxes on precious metals such as gold and silver. While three have affirmed gold and silver as legal tender, thus encouraging their use in competition with Federal Reserve Notes, which are really nothing more than elastic fiat currency.

Meanwhile, Texas has taken the step of creating a state precious-metals depository, further reducing state dependence on the Fed.

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However, state governments must go all the way by enforcing the Constitution's Gold and Silver Clause (Article I, Section 10). If states can nullify the Fed, it will rein in federal spending. It will also stop rampant inflation.

As we've previously stated, it will not be easy to enact these measures; state governments will come under significant opposition, including from the federal government, the judiciary, media, big business, and others.

But for these nullification measures to succeed, state and local officials need to be bold and courageous. And if voters are both informed about nullification and made familiar with the Constitution, many will support nullification efforts.

Learn more about Article V and the amendment process by visiting [JBS.org](#).