

HCS HB 1637 -- MISSOURI SOUND MONEY ACT OF 2012

SPONSOR: Koenig (Curtman)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 7 to 5.

This substitute establishes the Missouri Sound Money Act of 2012 which changes the laws regarding legal tender. In its main provisions, the substitute:

(1) Specifies that gold and silver issued by the federal government is legal tender in Missouri; however, no person can compel any other person to tender or accept gold and silver coins, except for contractual obligations;

(2) Exempts the exchange of gold and silver coins issued by the federal government for another form of legal tender from state and local sales and use taxes, state individual and corporate income taxes and capital gains taxes;

(3) Prohibits these provisions from being used to impair contractual obligations and, except in the case of governmentally assessed taxes, fees, duties, imposts, dues, penalties, or sanctions, the government may not compel payment in any particular form of legal tender inconsistent with the express written or verbal agreement of transacting parties, thereby frustrating the parties' manifest intent and impairing their contractual obligations;

(4) Prohibits the composition of a person's monetary holdings, including those on deposit with any nonbank depository, from being disclosed, searched, or seized except upon strict adherence to due process safeguards;

(5) Specifies that when the federal government requires surrender of gold or silver, the nonbank depository must return the gold and silver deposits to their owners who will then surrender the gold and silver to the federal government. The depository is not permitted to act without written authority from the owners of the gold and silver;

(6) Requires the legal tender issued in exchange for the deposit of U.S. minted gold and silver coins not exceed 80% of the value of gold and silver as determined by the London PM fix for that day's transaction; and

(7) Requires any nonbank depository to be subject to the rules and regulations of the Director of the Division of Finance within the Department of Insurance, Financial Institutions and

Professional Registration.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of Unknown in FY 2013, FY 2014, and FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.

PROPOSERS: Supporters say that the bill is designed to set up the storage of U.S. minted gold and silver coins in a statutory private depository similar to Utah. Utah became the first state last year to recognize the value of gold and silver coins minted by the federal government as legal tender. More than a dozen other states are considering similar measures and are expected to follow Utah's example. There are historical, constitutional, and economic reasons to support this choice of currency for Missouri citizens in light of our current economic environment including declining faith in the U.S. monetary system and concern about rising inflation. The fiat money in use today is backed by nothing but debt. Each time money is issued, it creates more debt. The bill opens the door for expanded economic development by attracting capital to the state. The benefits of using a depository include a debit card system based on 80% of the market value of coins deposited and the commerce created backed by the gold and silver in the depository.

Testifying for the bill were Representative Curtman; Douglas Tjadon, Sound Money Center; and Greg Franco, Utah Gold and Silver Depository, LLC.

OPPOSERS: There was no opposition voiced to the committee.