

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – First Regular Session

COMMITTEE ON FEDERALISM AND STATES' RIGHTS

Report of Regular Meeting
Wednesday, February 4, 2015
House Hearing Room 5 -- 9:00 a.m.

Convened 9:11 a.m.
Recessed
Reconvened
Adjourned 11:27 a.m.

Members Present

Mr. Finchem
Mr. Mitchell
Ms. Rios
Mr. Thorpe
Ms. Velasquez
Mr. Wheeler
Mr. Campbell, Vice-Chairman
Ms. Townsend, Chairman

Members Absent

Request to Speak

Report – Attachment 1, 2

Committee Action

<u>Bill</u>	<u>Action</u>	<u>Vote</u>	<u>Attachments</u> (Summaries, Amendments, Roll Call)
HB2173	DPA	5-3-0-0	3, 4, 5
HCR2003	DP	5-3-0-0	6, 7



Tracey Gardner, Chairman Assistant
February 4, 2015

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

Information Registered on the Request to Speak System

House Federalism and States' Rights (2/4/2015)

HB2173, escrow agents; legal tender

Testified in support:

James Pinkerman, representing self; F Thomas Fiedler, representing self; Keith Weiner, representing self; Bill Blewster, representing self; Barbara Blewster, representing self

Support:

Elisha Dorfsmith, representing self; Krystal Slivinski, AMERICANS FOR PROSPERITY AZ; Leslie White, representing self; Tom Jenney, AMERICANS FOR PROSPERITY AZ; Joyce Hill, representing self; Jennifer Reynolds, representing self; Sandi Bartlett, representing self; Susan Hicks, representing self; gerald davis, representing self

All Comments:

James Pinkerman, Self: This bill, amended to its shortened form will comply with the Constitution Art. 1, Sec. 10, and prohibit federal encroachment on people's right to choose gold and silver as money if we wish; thus ensuring anti-inflationary buying strength.; Elisha Dorfsmith, Self: Please support monetary freedom by supporting this bill.; Tom Jenney, AMERICANS FOR PROSPERITY AZ: AFP-Arizona strongly supports removing capital gains, TPT and other taxes on gold and silver coin exchanges.; F Thomas Fiedler, Self: Art. I Section 10 U.S. Const. requires Arizona to make "...gold and silver Coin a Tender in Payment of Debt[,] ..." This Bill fulfills that requirement.; Jennifer Reynolds, Self: Gold and silver should be allowed as another form of payment as per the Constitution. Gold and silver will always maintain its intrinsic value whereas federal reserve notes will continue to be devalued. Vote YES and protect Arizona's buying power!; gerald davis, Self: gold good paper money bad; Keith Weiner, Self: I am an economist and founder of the Gold Standard Institute based in Phoenix.

HCR2003, application; Article V convention

Testified in support:

Kayla Dille, representing self; Dustin Romney, representing self; Mike Kapic, representing self

Testified as opposed:

James Pinkerman, representing self; F Thomas Fiedler, representing self; Bill Blewster, representing self; Barbara Blewster, representing self

Support:

Everett Pincolini, representing self; Dawn Brunson, representing self; Karen Mackean, representing self; Joyce Hill, representing self; Terry Hill, representing self; Dave Kopp, Manager, representing self; Tom Woodrow, representing self; Cherie Scott, representing self; Fred Budinger, representing self; LeeAnn Budinger, representing self; Michael Alexander, representing self; Tom Sinyard, representing self; JB Files, representing self; David Buskirk, representing self; Tracy Middleton, representing self; Olga Tarro, representing self

Oppose:

Elisha Dorfsmith, representing self; cynthia Dorfsmith, representing self; Rivko Knox, representing self; Jennifer Reynolds, representing self; Brian Clymer, representing self; Karen Winfield, representing self

All Comments:

Everett Pincolini, Self: Stop the runaway power of the federal government. Washington, D.C., is broken and will not fix itself. The federal government is spending this country into the ground, seizing power from the states, and taking liberty from the people.; Dawn Brunson, Self: The time is now to use the tool the founding fathers gave us, Article V. Time to put the power back where it belongs, with the State.; James Pinkerman, Self: The Constitution is not at fault. We are in worse trouble than we think. States need to discontinue their federal funds, say 'no' to federal mandates and demand we all comply with just the Constitution's enumerated powers only. That's freedom.; Elisha Dorfsmith, Self: An Article V Convention is NOT the solution. Safeguards are not in place and this is a recipe for disaster. Vote NO on pursuing an Article V Convention.; cynthia Dorfsmith, Self: We do not need an article V convention. Please don't open this can of worms.; Kayla Dille, Self: I am 17 years old and am the Chair for the Convention of States for TEENS.; F Thomas Fiedler, Self: "The greatest ... [delusion] is to believe that you can rein in a gov't which ignores the Constitution by amending the Constitution." Publius Huldah's Blog Feb. 1, 2015 Sponsors of HCR2003 offer a fatal "cure" for federal excess.; Rivko Knox, Self: Using an Article V Convention to amend the Constitution has never been done in US history. It can be very dangerous, specially because the language is extremely broad, which could result in a rash of unpredictable problems.; Jennifer Reynolds, Self: The Constitution is not the problem. States should be balancing their own budgets without federal funding, pushing back on unconstitutional mandates, and protecting our state sovereignty. Nullification is the rightful remedy. Let freedom ring!; Terry Hill, Self: It is time for states to call for an Article V Convention. The federal government no longer acts in accordance with the citizens and within the constitution.; Cherie Scott, Self: Agreed, the Constitution is not at fault - in fact the key to preserving the founders constitution is Article V and it should be used. The "Great Delusion" is to think that that we can preserve freedom without using the power it grants the states.; Brian Clymer, Self: Abraham Lincoln would be ashamed that so many members of his party would seek to weaken the government he saved. Our history shows that constitutional conventions once called are not easy to restrain. Honor Lincoln. Preserve the Union. Vote "No".; Dustin Romney, Self: We all know the federal government is broken. Constitutional amendments which clarify the boundaries of federal power are the solution to fixing it. The runaway convention fear is a myth. Congress has already runaway.; Michael Alexander, Self: The Framers of the Constitution foresaw the day when the Federal government would either fail or refuse to repair defects observed in the process of self-governance... they gave us Article V... now all we need is the courage to use it.

PLEASE COMPLETE THIS FORM FOR THE PUBLIC RECORD



HOUSE OF REPRESENTATIVES

Please PRINT Clearly

Committee on Convi of States Bill Number HR 2003

Date Feb. 4, 2015 Support Oppose Neutral

Name Joseph Hobbs Need to Speak? Yes No

Representing MIRC Memb. @ large Are you a registered lobbyist? No

Complete Address Self
1920 N. 125th Lane

E-mail Address joseph.hobbs@cox.net Phone Number 480-381-2380

Comments: thank you for the opportunity
to speak today.

FIVE-MINUTE SPEAKING LIMIT

Attachment 2



HOUSE OF REPRESENTATIVES

HB 2173

escrow agents; legal tender

Sponsors: Representatives Finchem, Barton, Livingston, et al.

X Committee on Federalism & States' Rights

Caucus and COW

House Engrossed

OVERVIEW

HB 2173 recognizes coin or bullion which contains silver and gold as legal tender and authorizes licensed escrow agents to handle legal tender for deposits, exchanges, and debt payment.

HISTORY

The United States Constitution Article 1, Section 8 provides delegated powers to the Congress of the U.S. Of the enumerated powers, Congress is given the power to coin and regulate money. United States Code (Code) § 31-5103 establishes United States coins, currency, Federal Reserve notes, and circulating notes of Federal Reserve banks and national banks as legal tender for all debts, public charges, taxes and dues. The Code excludes foreign gold or silver coins as legal tender for debts.

Arizona Revised Statutes § 6-801 defines escrow as any transaction in which any escrow property is delivered with or without transfer of legal or equitable title, or both, to a person not otherwise having any right, title, or interest therein in the connection with the sale, transfer, encumbrance or lease of real or personal property, which is delivered upon the contingent happening of a specified event. The delivery of escrow property disregards whether or not a debtor-creditor relationship is established.

PROVISIONS

1. Recognizes legal tender as:
 - a. Legal tender authorized by Congress.
 - b. Specie coin issued by the United States government.
 - c. Any other specie that a court of appropriate jurisdiction rules the specie to be within the scope of state authority to make a legal tender.
2. States that a person cannot compel another person to accept or pay in specie legal tender unless provided by contract.
3. Prohibits the taxation of the exchange of one legal tender form to another.
4. Asserts that legal tender is considered money and is not subject to taxation or regulation as property other than money.
5. Designates the attorney general to enforce the provisions relating to legal tender without prejudice to an individual's right to judicial action.

HB 2173

6. Allows an escrow agent who is licensed to do any of the following:
 - a. Accept and hold in a fiduciary capacity legal tender deposits, including individual retirement account deposits; and
 - b. Pursuant to escrow instructions, may do either of the following:
 - i. Exchange money in one legal tender class for money in another legal tender class; or
 - ii. Pay the debts, taxes, public charges, or dues of a depositor using money in a legal tender class other than the one tendered into escrow by the depositor.
7. Requires a legal tender escrow agent to:
 - a. Keep books and records for the various classes of legal tender in the legal tender escrow agent's custody and control as prescribed by the Department of Revenue; and
 - b. Maintain separate accounts for each class of legal tender.
8. Sets the value of accounts with certain deposits according to the fine precious metal content of the specie legal tender that is held in the account.
9. Requires legal tender escrow agents to provide:
 - a. The maintenance of paper dollar and paper cent monies in federally insured deposit accounts,
 - b. Secure vaulting of all specie legal tender, platinum dollars, and platinum cents on deposit,
 - c. Quarterly audits of all specie legal tender, platinum dollars, and platinum cents on deposit,
 - d. Insurance against damage or loss of all specie legal tender, platinum dollars, and platinum cents vaulted or in transit, and
 - e. Means to verify the weight and fineness of the metal content of any specie legal tender, platinum dollars, and platinum cents that are received outside a documented chain of custody.
10. Specifies that if amounts are excluded from gross income, gross receipts, or gross proceeds of sales that are paid in specie legal tender to a taxpayer for the payment of specified taxes, and the Department of Revenue does not accept specie legal tender payment, the taxpayer is required to state on certain documents all of the following:
 - a. The purchase price in specie legal tender and in the legal tender the taxpayer is required to use to pay the tax,
 - b. The amount of tax imposed on the transaction with the purchaser in specie legal tender and in the legal tender the taxpayer is required to use to pay the tax,
 - c. The applicable tax rate and date of the transaction.
11. Requires taxpayers to use the most recent paper dollar London fixing price for the specie legal tender used by the purchaser when determining the amount of the tax.
12. Requires the Department of Revenue to prescribe, by rule, a method for determining the amount of tax that is due, if the paper dollar London fixing price is not available.

HB 2173

13. Defines *legal tender, specie, gold cent, gold dollar, legal tender class, legal tender escrow agent, legal tender exchange rate, paper dollar, platinum cent, platinum dollar, silver cent, and silver dollar.*
14. Becomes effective on the general effective date.
15. Makes technical and conforming changes.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2173
(Reference to printed bill)

1 Page 1, between lines 28 and 29, insert:

2 "C. ANY TAX OR OTHER PUBLIC CHARGE DUE AS A RESULT OF A TRANSACTION
3 INVOLVING SPECIE LEGAL TENDER SHALL BE PAID IN THE SAME SPECIE LEGAL TENDER
4 OR IN AN EQUIVALENT AMOUNT OF NON-SPECIE LEGAL TENDER VALUED PURSUANT TO THE
5 MOST RECENT DAILY EXCHANGE RATE ACTIVELY USED IN COMMERCE BY AN INDEPENDENT
6 PRECIOUS METAL ASSOCIATION FOR THE DATE THE TRANSACTION OCCURRED."

7 Line 30, strike "WITHOUT PREJUDICE TO AN"; strike lines 31 through 46, insert
8 "AND, IF NECESSARY, INTERVENE IN ANY LEGAL ACTION TO PRESERVE AND PROTECT
9 THIS STATE'S MONETARY AUTHORITY THAT IS EXPRESSLY RESERVED IN ARTICLE I,
10 SECTION 10 OF THE CONSTITUTION OF THE UNITED STATES."

11 Strike pages 2 through 4

12 Page 5, strike lines 1 through 41

13 Renumber to conform

14 Amend title to conform

MARK FINCHEM

2173mf
01/29/2015
11:57 AM
C: kcb

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session

ROLL CALL VOTE

COMMITTEE ON FEDERALISM AND STATES' RIGHTS BILL NO. HB 2173

DATE February 4, 2015 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Finchem		✓			
Mr. Mitchell		✓			
Ms. Rios			✓		
Mr. Thorpe		✓			
Ms. Velasquez			✓		
Mr. Wheeler			✓		
Mr. Campbell, Vice-Chairman		✓			
Ms. Townsend, Chairman		✓			
		5	3	0	0

APPROVED:



 KELLY TOWNSEND, Chairman
 NOEL W. CAMPBELL, Vice-Chairman



 COMMITTEE SECRETARY

ATTACHMENT 5



HOUSE OF REPRESENTATIVES

HCR 2003

application; Article V convention

Sponsors: Representatives Townsend, Borrelli, Coleman, et al.

X Committee on Federalism & States' Rights

Caucus and COW

House Engrossed

OVERVIEW

HCR 2003 calls for an Article V Convention to propose amendments to the United States Constitution.

HISTORY

Article V of the United States Constitution provides that amendments to the U.S. Constitution can be proposed in one of two ways: the approval of two-thirds of both Houses of Congress, or on the application for a convention by two-thirds of the states' legislatures. Proposed amendments then have to be ratified by three-fourths of the states' legislatures or by three-fourths of the states' conventions. Congress may propose the mode of ratification.

PROVISIONS

1. Applies for an Article V Convention to propose amendments to the United States Constitution that will:
 - a. Impose fiscal restraints on the federal government,
 - b. Limit the power and jurisdiction of the federal government, and
 - c. Limit the terms of office for officials and members of Congress.
2. Continues this application until at least two-thirds of the legislatures of the states have made an application on the same subject.
3. Instructs the Secretary of State to transmit copies of this application to specified individuals.

**ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature - First Regular Session**

ROLL CALL VOTE

COMMITTEE ON FEDERALISM AND STATES' RIGHTS BILL NO. HCR 2003

DATE February 4, 2015 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Finchem		✓			
Mr. Mitchell		✓			
Ms. Rios			✓		
Mr. Thorpe		✓			
Ms. Velasquez			✓		
Mr. Wheeler			✓		
Mr. Campbell, Vice-Chairman		✓			
Ms. Townsend, Chairman		✓			
		5	3	0	0

APPROVED:



 KELLY TOWNSEND, Chairman
 NOEL W. CAMPBELL, Vice-Chairman



 COMMITTEE SECRETARY

ATTACHMENT 7