



ARIZONA STATE SENATE
Fifty-Second Legislature, First Regular Session

FACT SHEET FOR H.B. 2173

escrow agents; legal tender

Purpose

Recognizes coin or bullion with gold or silver content as permissible legal tender in Arizona.

Background

Federal law recognizes coins and currency, including Federal Reserve and national bank notes, as legal tender for the payment of all debts, public charges, taxes and dues. Foreign gold or silver coins are not recognized as legal tender for debt payment purposes (31 U.S. Code § 5103).

Article 1, Section 10 of the United States Constitution prohibits individual states from coining money, emitting bills of credit and making anything except for gold and silver coins legal tender.

Since 2011, at least 13 states have considered legislation relating to the recognition of gold and silver coins as legal tender. States where such legislation has passed are: Utah (2011); Texas (2013); Louisiana (2013); and Oklahoma (2014).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Recognizes any of the following as legal tender in this state:
 - a) legal tender authorized by Congress;
 - b) specie coin issued at any time by the United States Government; and
 - c) any other specie that a court of competent jurisdiction rules to be within the scope of state authority to make a legal tender.
2. Specifies that a person may not compel another person to either pay or accept as payment any specie legal tender, unless provided by contract.
3. Prohibits the exchange of one form of legal tender for another from being taxed.
4. Specifies that legal tender is money and is not subject to taxation or regulation as property other than money.

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5. Requires any tax or other public charge due as a result of a transaction involving specie legal tender to be paid:
 - a) in the same specie legal tender; or
 - b) in an equivalent amount of non-specie legal tender valued pursuant to the most recent daily exchange rate actively used in commerce by an independent precious metal association for the transaction date.
6. Requires the Arizona Attorney General to:
 - a) enforce the provisions of this bill; and
 - b) if necessary, intervene in any legal action to preserve and protect the state's monetary authority as expressly reserved in Article I, Section 10 of the United States Constitution.
7. Defines *legal tender* as an authorized medium of exchange for the payment of debts and taxes.
8. Defines *specie* as a coin or bullion having gold or silver content.
9. Makes technical and conforming changes.
10. Becomes effective on the general effective date.

House Action

FSR	2/4/15	DPA	5-3-0
3 rd Read	2/18/15		34-23-3

Prepared by Senate Research
February 23, 2015
FB/AC/jo