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**CURRENCY AMENDMENTS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Brad J. Galvez**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill recognizes gold and silver coins that are issued and deemed legal tender by the federal government as legal tender in the state and exempts the exchange of the coins from certain types of state tax liability.

**Highlighted Provisions:**

This bill:

- ▶ provides definitions;
  - ▶ recognizes gold and silver coins issued and deemed legal tender by the federal government to be legal tender in the state;
  - ▶ does not compel a person to tender or accept gold and silver coin;
  - ▶ provides that the exchange of gold and silver coins for another form of legal tender does not create any individual income or sales tax liability;
  - ▶ requires the Revenue and Taxation Interim Committee to:
    - study the possibility of establishing an alternative form of legal tender;
    - recommend whether an alternative form of legal tender should be established;
- and
- prepare any recommended legislation for the 2012 General Session; and
  - ▶ enacts an uncodified severability clause.

**Money Appropriated in this Bill:**

None



28 **Other Special Clauses:**

29 None

30 **Utah Code Sections Affected:**

31 ENACTS:

32 **59-1-1501**, Utah Code Annotated 1953

33 **59-1-1502**, Utah Code Annotated 1953

34 **59-1-1503**, Utah Code Annotated 1953

35 **59-1-1504**, Utah Code Annotated 1953

36 **59-10-1025**, Utah Code Annotated 1953

37 **Uncodified Material Affected:**

38 ENACTS UNCODIFIED MATERIAL



40 *Be it enacted by the Legislature of the state of Utah:*

41 Section 1. Section **59-1-1501** is enacted to read:

42 **Part 15. Legal Tender Act**

43 **59-1-1501. Title.**

44 This part is known as the "Legal Tender Act."

45 Section 2. Section **59-1-1502** is enacted to read:

46 **59-1-1502. Gold and silver coin.**

47 (1) Gold and silver coin issued and deemed legal tender by the federal government is  
48 legal tender in the state.

49 (2) A person may not compel any other person to tender or accept gold and silver coin  
50 that is issued and deemed legal tender by the federal government.

51 Section 3. Section **59-1-1503** is enacted to read:

52 **59-1-1503. Nonrefundable credit -- Sales tax exemption.**

53 (1) There is a nonrefundable credit established for any capital gains incurred from the  
54 exchange of gold and silver coin issued and deemed legal tender by the federal government for  
55 another form of legal tender as provided in Section 59-10-1025.

56 (2) The exchange of gold and silver coin issued and deemed legal tender by the federal  
57 government for another form of legal tender is exempt from sales and use taxes as provided in  
58 Subsection 59-12-104(50).

59 Section 4. Section **59-1-1504** is enacted to read:

60 **59-1-1504. Revenue and Taxation Interim Committee study.**

61 The Revenue and Taxation Interim Committee shall during the 2011 interim:

62 (1) study the possibility of establishing an alternative form of legal tender for the  
63 payment of debts, public charges, taxes, and dues within the state;

64 (2) recommend whether legislation should be drafted to establish an alternative form of  
65 legal tender; and

66 (3) prepare any legislation that the Revenue and Taxation Interim Committee  
67 recommends in accordance with Subsection (2) for consideration by the Legislature during the  
68 2012 General Session.

69 Section 5. Section **59-10-1025** is enacted to read:

70 **59-10-1025. Nonrefundable tax credit for capital gain transactions on the**  
71 **exchange of gold and silver coin for another form of legal tender.**

72 (1) As used in this section:

73 (a) "Capital gain transaction" means a transaction that results in a:

74 (i) short-term capital gain; or

75 (ii) long-term capital gain.

76 (b) "Long-term capital gain" is as defined in Section 1222, Internal Revenue Code.

77 (c) "Short-term capital gain" is as defined in Section 1222, Internal Revenue Code.

78 (2) For taxable years beginning on or after January 1, 2012, a claimant, estate, or trust  
79 may claim a nonrefundable tax credit equal to the product of:

80 (a) the total amount of the claimant's, estate's, or trust's short-term capital gain or  
81 long-term capital gain on a capital gain transaction from an exchange made on or after January  
82 1, 2012, of gold or silver coin issued and deemed legal tender by the federal government for  
83 another form of legal tender; and

84 (b) 5%.

85 (3) A claimant, estate, or trust may not carry forward or carry back a tax credit under  
86 this section.

87 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
88 commission may make rules to implement this section.

89 Section 6. **Severability clause.**

90           If any section of this bill or the application of any section of this bill to any person or  
91 circumstance is held invalid by a final decision of a court of competent jurisdiction, the  
92 remainder of this bill shall be given effect without the invalid section or application. The  
93 provisions of this bill are severable.

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**Legislative Review Note**  
as of 2-22-11 11:12 AM

**Office of Legislative Research and General Counsel**

# FISCAL NOTE

H.B. 317

SHORT TITLE: **Currency Amendments**

SPONSOR: **Galvez, B.**

2011 GENERAL SESSION, STATE OF UTAH

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill could reduce the Education Fund by \$262,600 in FY 2012 and \$604,000 annually beginning in FY 2013.

### STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
Revenue:			
Education Fund	\$0	(\$262,600)	(\$604,000)
Total Revenue	\$0	(\$262,600)	(\$604,000)
Expenditure	\$0	\$0	\$0
Net Impact, All Funds (Rev.-Exp.)	\$0	(\$262,600)	(\$604,000)
Net Impact, General/Education Funds	\$0	(\$262,600)	(\$604,000)

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.