

Representative Brad J. Galvez proposes the following substitute bill:

CURRENCY AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brad J. Galvez

Senate Sponsor: Scott K. Jenkins

LONG TITLE

General Description:

This bill recognizes gold and silver coins that are issued 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 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.

1st Sub. H.B. 317



26 **Money Appropriated in this Bill:**

27 None

28 **Other Special Clauses:**

29 None

30 **Utah Code Sections Affected:**

31 AMENDS:

32 **59-10-1002.2**, as renumbered and amended by Laws of Utah 2008, Chapter 389

33 ENACTS:

34 **59-1-1501**, Utah Code Annotated 1953

35 **59-1-1502**, Utah Code Annotated 1953

36 **59-1-1503**, Utah Code Annotated 1953

37 **59-1-1504**, Utah Code Annotated 1953

38 **59-10-1025**, Utah Code Annotated 1953

39 **Uncodified Material Affected:**

40 ENACTS UNCODIFIED MATERIAL



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

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

44 **Part 15. Legal Tender Act**

45 **59-1-1501. Title.**

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

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

48 **59-1-1502. Gold and silver coin.**

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

50 (2) A person may not compel any other person to tender or accept gold and silver coin

51 that is issued by the federal government.

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

53 **59-1-1503. Nonrefundable credit -- Sales tax exemption.**

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

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

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

61 **59-1-1504. Revenue and Taxation Interim Committee study.**

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

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

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

67 (3) prepare any legislation that the Revenue and Taxation Interim Committee
68 recommends in accordance with Subsection (2) for consideration by the Legislature during the
69 2012 General Session.

70 Section 5. Section **59-10-1002.2** is amended to read:

71 **59-10-1002.2. Apportionment of tax credits.**

72 (1) A nonresident individual or a part-year resident individual that claims a tax credit
73 in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1021, 59-10-1022,
74 59-10-1023, [or] 59-10-1024, or 59-10-1025 may only claim an apportioned amount of the tax
75 credit equal to:

76 (a) for a nonresident individual, the product of:

77 (i) the state income tax percentage for the nonresident individual; and

78 (ii) the amount of the tax credit that the nonresident individual would have been
79 allowed to claim but for the apportionment requirements of this section; or

80 (b) for a part-year resident individual, the product of:

81 (i) the state income tax percentage for the part-year resident individual; and

82 (ii) the amount of the tax credit that the part-year resident individual would have been
83 allowed to claim but for the apportionment requirements of this section.

84 (2) A nonresident estate or trust that claims a tax credit in accordance with Section
85 59-10-1017, 59-10-1020, 59-10-1022, [or] 59-10-1024, or 59-10-1025 may only claim an
86 apportioned amount of the tax credit equal to the product of:

87 (a) the state income tax percentage for the nonresident estate or trust; and

88 (b) the amount of the tax credit that the nonresident estate or trust would have been
89 allowed to claim but for the apportionment requirements of this section.

90 Section 6. Section **59-10-1025** is enacted to read:

91 **59-10-1025. Nonrefundable tax credit for capital gain transactions on the**
92 **exchange of gold and silver coin for another form of legal tender.**

93 (1) As used in this section:

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

95 (i) short-term capital gain; or

96 (ii) long-term capital gain.

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

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

99 (2) Except as provided in Section 59-10-1002.2, for taxable years beginning on or after
100 January 1, 2012, a claimant, estate, or trust may claim a nonrefundable tax credit equal to the
101 product of:

102 (a) to the extent a capital gain is not offset by a capital loss under Chapter 1,
103 Subchapter P, Capital Gains and Losses, Internal Revenue Code, the total amount of the
104 claimant's, estate's, or trust's short-term capital gain or long-term capital gain on a capital gain
105 transaction from an exchange made on or after January 1, 2012, of gold or silver coin issued by
106 the federal government for another form of legal tender; and

107 (b) 5%.

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

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

112 Section 7. **Severability clause.**

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