

H.B. 195 – Precious Metals Amendments

H.B. 195 SUMMARY

H.B. 195 authorizes the state to act as a market participant in the use of transactional gold by procuring one or more gold-based payment platforms, similar to how the state utilizes existing payment rails today. When the state pays a vendor, it would continue transferring U.S. dollars. At the vendor's election, those funds would be routed through a selected platform and converted into an equivalent value of precious metals, credited to the vendor's account. The metals would be vaulted in Utah by the provider and would be independently audited, insured, and fully redeemable.

State engagement serves two purposes. First, by actually using gold as a medium of exchange, Utah is better positioned to rely on Article I, Section 10 of the U.S. Constitution and to continue its ongoing discussions with the IRS regarding gold's tax treatment. Second, participation helps establish best practices, ensuring in-state vaulting, insurance, audit standards, and reliable redemption. This approach emerged from the 2024 Precious Metals Study and workgroup process, as directed by H.B. 348 (2024).

WHAT PRECIOUS METALS WORKGROUP MEMBERS SAY ABOUT H.B. 195

"The efforts that Utah is taking to support the use of gold in investment portfolios and financial transactions reflect a sound instinct: that individuals and institutions should have the freedom to choose the savings and investment vehicles that best fit their needs, and that the state has an interest in not penalizing those choices through tax treatment that disadvantages one legitimate asset class over another. Gold has long served as an investment asset in soundly managed portfolios, and it is entirely appropriate for Utah – as a state with deep roots in precious metals production – to take a welcoming posture toward its use. Measures to increase financial choice are always well worth the legislature's serious consideration."

Randal Quarles, Chairman of Cynosure Group, Former Vice Chair of the Federal Reserve, Former Under Secretary of the Treasury for Domestic Finance, Former Managing Director of Carlyle Group

"Allocating a portion of a portfolio to gold has historically been a prudent and defensible investment strategy. The state is acting on that well-established practice. By creating a framework for investing in precious metals and treating gold as a currency, the state can pursue the elimination of capital gain taxes on gold-based transactions. This is a clear and forward-thinking step that will benefit the state and potentially its citizens."

**Gary Crittenden, Investor
Former CFO of Citi & Former CFO of American Express**

WHAT OTHERS SAY ABOUT H.B. 195

"Utah has long distinguished itself by thinking ahead, leading with principle, and creating the conditions for innovation to serve the public good. I support H.B. 195 because it gives Utah the opportunity to explore a credible, responsible framework for precious-metals-backed transactional capability—one that could strengthen the state's leadership, expand consumer choice, and position Utah at the forefront of an important emerging financial innovation for our state, nation, and world."

Lew W. Cramer, Former U.S. Assistant Secretary of Commerce for International Trade, Former Founding CEO of World Trade Center Utah, Former CEO of Colliers Utah Commercial Real Estate

UNDERSTANDING H.B. 195

WHAT H.B. 195 DOES

- Authorizes the state to act as a market participant in the use of transactional gold.
- Allows the state to competitively procure one or more gold-based payment platforms, similar to other payment rails the state uses today like ACH transfers, paper checks, wire transfers, and e-payables.
- Provides vendors the option to receive state payments in precious metals through a private platform.
- Requires that physical metals backing transactions be vaulted in Utah, independently audited, insured, and redeemable.
- Supports continued engagement with the IRS and federal policymakers regarding gold's current tax treatment.
- Implements recommendations developed through the 2024 Precious Metals Study and workgroup process.
- Expands optional payment choices without requiring changes to existing payment methods.

WHAT H.B. 195 DOES NOT DO

- Does not require the state to purchase additional gold or impact the state's rainy day fund gold holdings.
- Does not require vendors to accept payment in precious metals.
- Does not require the state to mint coins, operate vaults, or manage private accounts.
- Does not create a new state-run bank or payment network.
- Does not monitor or interfere with private transactions.
- Does not mandate participation by financial institutions or private businesses.
- Does not prevent legal businesses from operating in the state.

WHY STATE INVOLVEMENT IS IMPORTANT

- **Challenges outdated tax treatment.** By engaging in the transactional gold market, Utah strengthens its ability to rely on Article I, Section 10 of the U.S. Constitution to challenge the current federal tax treatment of gold as a collectible rather than as money.
- **Advances federal engagement.** Practical use strengthens the state's ability to continue conversations with the IRS about the consequences of treating gold as a collectible rather than as money.
- **Sets best practices.** State procurement as a customer can require in-state vaulting, independent audits, insurance coverage, and clear redemption standards, which would likely also be available to private citizens who choose to use a platform.
- **Establishes market credibility.** When the state participates as a market user, it helps demonstrate that transactional gold can function as a legitimate medium of exchange, not merely as a speculative asset.