
HOUSE BILL 2731

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Condotta, Overstreet, Shea, and McCune

Read first time 01/27/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to establishing the 2012 gold and silver legal
2 tender act of Washington state; adding a new chapter to Title 43 RCW;
3 and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature
6 finds that to secure property rights sound money is essential. Gold
7 and silver currency retains earned wealth in the hands of the people
8 and has provided civil societies with a fair, honest, and reliable
9 medium of exchange for over six thousand years. Competitive currencies
10 of gold and silver provide greater security to the people of Washington
11 state in protecting their property and other assets from paper currency
12 inflation. The absence of gold and silver coin wrongly exposes the
13 citizens, businesses, and other residents of Washington state to the
14 chronic depreciation of the legal tender fiat paper federal reserve
15 note currency and significant losses in purchasing power which amount
16 to the incremental confiscation of private property without just
17 compensation. The due process clause of the fifth Amendment to the
18 United States Constitution, and Article I, section 3 of the Washington
19 state Constitution, both ensure the protection of life, liberty, and

1 property. Only gold and silver may be recognized as government legal
2 tender under Article I, section 10 of the United States Constitution,
3 which gives the states the power to enact gold and silver based legal
4 tender laws, "no state shall . . .; make any Thing but gold and silver
5 Coin a Tender in Payment of Debts." Private contracts are not limited
6 to legal tender as furthermore provided in Article I, section 10, "No
7 State shall . . .; pass any bill . . ., or Law impairing the Obligation
8 of Contracts."

9 (2) It is the intent of the legislature that gold and silver used
10 as legal tender are treated in the same manner as United States
11 currency for taxation purposes. The legislature intends to provide a
12 choice of United States constitutional currency of gold and silver and
13 does not intend to compel a person to tender or accept gold or silver.
14 In addition to the United States constitutional authority giving the
15 state's authority to make gold and silver legal tender, the United
16 States supreme court has held that congress lacks any constitutional
17 power to specify what the states must use as "legal tender" or media of
18 exchange in the exercise of their reserve sovereign function in the
19 following cases: *Lane County v. Oregon*, 74 U.S. (7 Wall.) 71 (1869);
20 *Hagar v. Reclamation District No. 198*, 111 U.S. 701 (1884).

21 NEW SECTION. **Sec. 2.** SHORT TITLE. This chapter may be known and
22 cited as the gold and silver legal tender act of Washington state.

23 NEW SECTION. **Sec. 3.** MONETIZATION. Pursuant to the monetary
24 authority expressly reserved to the states in Article I, section 10 of
25 the United States Constitution, the following is declared to be state
26 legal tender:

- 27 (1) Federal specie gold and silver coin at any time issued by the
28 general government of the United States of America;
- 29 (2) Domestic specie gold and silver coin; and
- 30 (3) Foreign specie gold and silver coin monetized by any other
31 state or country.

32 NEW SECTION. **Sec. 4.** FAIR MARKET VALUE OF GOLD AND SILVER
33 CURRENCY. (1) The states are in violation of the United States
34 Constitution for failing to comply with national legal tender laws that
35 require gold or silver coin to be the only legal tender:

1 (a) The general government has no constitutional authority to emit
2 bills of credit or to enact tender in payment of debt laws forcing the
3 use of fiat paper currency among the states;

4 (b) The power to determine legal tender is specifically given to
5 the states;

6 (c) The general government has failed to abide by Article I,
7 section 8 of the United States Constitution: "To coin Money, regulate
8 the Value thereof and of foreign Coin, . . ." and provide market value
9 for gold and silver coins for circulation as currency among the states;
10 and

11 (d) The United States Constitution charges the states with ensuring
12 only gold and silver coin are legal tender within their borders per
13 Article I, section 10: "No State shall . . . make any Thing but gold
14 and silver Coin a Tender in Payment of Debts."

15 (2) The state of Washington has determined to exercise its
16 constitutional authority and provide its citizens with gold and silver
17 coins as an alternative currency. Originally, the exact weight of the
18 constitutional dollar was established in the coinage act of 1792 at
19 371.25 grains (troy) for fine silver; however, in order to implement an
20 alternative currency for today's markets:

21 (a) It is necessary for the state to establish a fair market value
22 for coins of gold and silver;

23 (b) The state of Washington must use the common standard of the
24 dollar as provided for in the U.S. Constitution; and

25 (c) The state treasurer must post daily the value of fine silver
26 and the proration to gold per the average closing prices of the New
27 York, London, and Hong Kong Metal Exchanges.

28 NEW SECTION. **Sec. 5.** PRIVILEGES AND IMMUNITIES. (1) The use of
29 gold and silver is strictly voluntary and no person or entity may
30 compel any other person or entity to tender or accept state legal
31 tender.

32 (2) This act may not be used to impair contractual obligations and,
33 except in the case of governmentally assessed taxes, fees, duties,
34 imposts, dues, penalties or sanctions, neither the government nor any
35 of its branches, agencies, subdivisions, or instrumentalities may
36 compel payment in any particular form of legal tender inconsistent with

1 the express written or verbal agreement of transacting parties, thereby
2 frustrating the parties' manifest intent and impairing their
3 contractual obligations.

4 (3) In furtherance of the inherent rights of privacy and private
5 property, the extent and composition of a person's monetary holdings,
6 including those on deposit with any financial institution, are not
7 subject to disclosure, search, or seizure except upon strict adherence
8 to due process safeguards, including but not limited to:

9 (a) Issuance of a lawful warrant or writ by a judicial officer
10 sitting in the county within which such holdings exist;

11 (b) Pursuant to an adequate showing of probable cause with respect
12 to the particular person or entity in question; and

13 (c) A warrant or writ being executed under the authority of the
14 duly elected sheriff of such county.

15 NEW SECTION. **Sec. 6.** TAX AND REGULATORY TREATMENT. (1) No tax
16 may be imposed on the sale, exchange, or other disposition of any gold
17 or silver coin, gold or silver metal, gold or silver token, gold or
18 silver bullion, gold or silver bars, or gold or silver ingots, whether
19 issued by the United States, a foreign government, or any other entity
20 or person.

21 (2) The state of Washington may not assess any tax or fee on any
22 currency, or any other monetary instrument, which is used in the
23 transaction of interstate commerce or commerce with a foreign country,
24 and which is subject to the enjoyment of legal tender status under
25 Article I, section 10 of the United States Constitution.

26 NEW SECTION. **Sec. 7.** A method of establishing the purity and
27 weight of gold and silver to be accepted by the state must be published
28 by the state treasurer based on the most recent fair market value of
29 gold and silver.

30 NEW SECTION. **Sec. 8.** This chapter only applies to taxes and fees
31 imposed on or after January 1, 2013.

32 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act constitute
33 a new chapter in Title 43 RCW.

1 NEW SECTION. **Sec. 10.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 11.** This act takes effect January 1, 2013.

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