



Written by [Alex Newman](#) on January 30, 2018

Alabama Bill Would Encourage Use of Gold and Silver in Trade

Legislation making its way through the Alabama legislature would exempt gold and silver from state taxes, thereby facilitating the use of precious metals in commerce while ending what supporters of the legislation say is unfair treatment of dealers and investors. The implications — even if unintended — [could be huge](#), supporters say.



Similar bills in various states across America were [specifically intended to gradually sideline the debt-based Federal Reserve Notes and to instead stimulate trade in metals](#), long viewed as “real money.” But while lawmakers and citizens involved in the Alabama legislation said that might be a “collateral benefit” of this particular legislation, it was not the original intent. Still, advocates of a sound monetary system celebrated the bill as a positive development.

Under the legislation, the proceeds from the sale of gold, silver, platinum, and palladium bullion would be exempt from state sales and use taxes — at least for the next five years, and possibly longer if the measure were renewed by the legislature. The exemption applies to bars, ingots, and coins, though not jewelry. The bill would add precious metals to a list of other goods and services that are statutorily exempt from such taxes.

In the State Senate, the legislation is known as [SB156](#) and was introduced by Senator Tim Melson (R-Florence). The next stop for the bill is the Senate Finance and Taxation Committee. If it gets out of committee by majority vote, it will move to the full Senate, officials at the legislature explained. Melson could not be reached for comment on his bill.

On the Alabama House side, [HB19](#), the companion bill, was introduced by State Representative Ron Johnson, also a Republican. In a phone interview, Representative Johnson told *The New American* that sales taxes on precious metals and coins generate a measly \$200,000 a year for the state, and that this measure could help bring in much more.

Already, Johnson said his office has received multiple calls from businesses that would like to host coin and metals conventions in Alabama, but would not be able to do so and remain competitive if the sales and use taxes remain in place. “We expect this bill would help bring in millions in increased revenues for state and local governments,” added Johnson, noting that some other states do not tax gold or silver.



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When asked whether the bill was intended as a way to promote precious metals in commerce, Graham Champion, a contractor and lobbyist representing coin and bullion dealers in Alabama who is helping push the bill, said that was not the original intent. However, “that could be a collateral benefit of the legislation, yes,” he explained in a phone interview with *The New American*.

“The simple reason why we need this bill is that we should not have a sales tax on investments,” he said, noting that there are no such taxes on real estate or other investments. “Precious metals are an investment, they aren’t a commodity that’s going to be consumed. And so it doesn’t make sense to treat these differently.”

“This legislation fixes that problem,” added Graham, echoing comments by Johnson and other supporters of the measure. “Other states around Alabama recognize this, so we want to level the playing field for metals dealers and coin dealers in the state of Alabama.”

But regardless of the authors’ primary intent, sound money advocates and constitutionalists have already started rallying around the legislation. Among the influential organizations now touting the bill is the Tenth Amendment Center, a national non-profit organization that advocates nullification of unconstitutional federal acts by state governments as prescribed by some of America’s most important Founders.

In a post this month about the bill, TAC Communications Director Mike Maharrey touted the benefits of sound money, as well as the importance of ending taxes on gold and silver. “Imagine if you asked a grocery clerk to break a \$5 bill and he charged you a 35 cent tax,” he wrote. “Silly, right? After all, you were only exchanging one form of money for another. But that’s essentially what Alabama’s sales tax on gold and silver bullion does.”

The article, headlined “[Alabama Bill Would Encourage Use of Gold and Silver as Money](#),” goes on to explain why the Alabama bill is so important. “By removing the sales tax on the exchange of gold and silver, Alabama would treat specie as money instead of a commodity,” wrote Maharrey, author of the book *Our Last Hope: Rediscovering the lost path to liberty*. “This represents a small step toward reestablishing gold and silver as legal tender and breaking down the Fed’s monopoly on money.”

On a practical level, Maharrey and the TAC noted that ending taxes on gold and silver sales would “crack open the door” for people to be able to use precious metals in regular business transactions. “This would mark an important small step toward currency competition,” Maharrey added. “If sound money gains a foothold in the marketplace against Federal Reserve notes, the people would be able to choose the time-tested stability of gold and silver over the central bank’s rapidly-depreciating paper currency.”

As it relates to the Constitution, Maharrey pointed to Article I, Section 10, which prohibits states from making “any Thing but gold and silver Coin a Tender in Payment of Debts.” The TAC and many other advocates of enforcing the Constitution contend that this crucial constitutional provision has simply been ignored by state governments for far too long — and that it must change.

In fact, states have, in many cases, made it practically impossible to use gold and silver as money due to the taxes imposed that treat the metals as commodities rather than money. “This Alabama bill takes a step towards that constitutional requirement, ignored for decades in every state,” Maharrey noted. “Such a tactic would set the stage to undermine the monopoly of the Federal Reserve by introducing competition into the monetary system.”

Citing constitutional tender expert William Greene, the piece goes on to argue that the introduction of



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precious metals in commerce alongside of Federal Reserve Notes at the state level would effectively “nullify” the Federal Reserve and its monopoly on currency. Professor Greene is quoted saying that sound money could drive out the perpetually declining fiat money created by the Fed as people realize that metals hold their value while the purchasing power of Federal Reserve Notes is constantly shrinking.

“As this happens, a cascade of events can begin to occur, including the flow of real wealth toward the state’s treasury, an influx of banking business from outside of the state — as people in other states carry out their desire to bank with sound money — and an eventual outcry against the use of Federal Reserve notes for any transactions,” argued Professor Greene in a paper for the market-oriented Ludwig von Mises Institute.

Alabama has been among the leading states in resisting usurped and unconstitutional authority by the federal government. For instance, the state became [the first in America to ban the implementation of the controversial United Nations “Agenda 21” program](#) of “sustainable development,” citing massive attacks on private property rights. Every single lawmaker, both Democrat and Republican, voted to nullify the radical UN scheme.

But on money, other states have been far more aggressive. Indeed, multiple states have already taken important steps to make competition in money a reality, starting with Utah. In 2011, the [“Utah Legal Tender Act”](#) became law, ending taxes on certain forms of precious metals. One of the lawmakers behind the bill explained that it was a way to “hold up our economy as the dollar continues to shrink.” Other legislators made similar remarks.

Numerous other states have since passed similar measures. But the boldest move thus far was made by Texas. In 2015, [lawmakers passed and the governor signed a bill creating the Texas Bullion Depository](#). Among other benefits, the bill’s chief sponsor, State Representative Giovanni Capriglione, noted that it allows customers to conduct commerce “outside of the Federal Reserve System.” The depository is expected to open very soon.

While the Alabama lawmakers and businesses pushing the bill may not have intended it, the legislation exempting gold and silver from state taxes could represent another important step on the road toward restoring at least the option to use sound money in commerce. Of course, even though President Donald Trump has a good understanding of the problem, America is still a long way from restoring an honest money system. But by legalizing currency competition by ending taxes on gold and silver, states are laying a foundation that could prove to be immensely beneficial in the years ahead.

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Alex Newman is a correspondent for The New American, covering economics, education, politics, and more. He can be reached at anewman@thenewamerican.com. Follow him on Twitter [@ALEXNEWMAN_JOU](#) or on [Facebook](#).

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