



Written by [Alex Newman](#) on April 9, 2013

Arizona Legislature Approves Gold and Silver as Money

As trust in the Federal Reserve System and its fiat dollar continues to plummet worldwide, [legislation making gold and silver into legal tender](#) was given final approval by Arizona lawmakers on Monday when the Republican-led state House of Representatives voted overwhelmingly in favor of [the bill](#). With tremendous grassroots support, an earlier version of the precious-metals measure [sailed through the GOP-controlled Arizona Senate](#) in late February.



If the legislation is signed by Gov. Jan Brewer, a Republican, Arizona would become the second state to officially define gold and silver as legal tender. Utah [adopted a similar law](#) two years ago, garnering widespread praise among free market-oriented economists and sending shockwaves through the financial community. Since then, as the [privately owned Federal Reserve and its wild policies have come under increasingly fierce criticism](#), the movement to [restore sound money](#) has been spreading across America like wildfire. Over a dozen states already have similar efforts underway.

Under the Arizona [SB 1439](#) legislation, precious metals would be treated just like debt-based fiat dollars for taxation and regulation purposes. However, unlike fiat dollars, nobody would be forced to accept gold or silver currency. While the original Senate bill would have allowed citizens to pay state taxes in any form of money, including precious metals, the House added an amendment striking that provision in an effort to ease opposition from the state Department of Revenue.

Republican State Rep. David Livingston, who added the amendment exempting tax authorities from having to accept gold and silver, told reporters that the Department of Revenue had requested the change. “They just didn’t want to have to deal with it right now,” the key lawmaker involved in getting the measure approved told the Associated Press, adding that the amendment was not indicative of problems with the bill. “They wanted to make sure they wouldn’t be required to take gold and silver.”

As a financial advisor in his private life, Rep. Livingston understands better than most lawmakers why the bill is needed. He also predicted that business would embrace the use of precious metals as currency — possibly as a way to beat competitors that cling to increasingly depreciated Federal Reserve notes. “My clients have been buying gold and silver like crazy,” Rep. Livingston explained, echoing similar sentiments expressed in the broader global precious-metals markets [as gold saw record demand last year](#).

In an interview with Bloomberg news, state Sen. Chester Crandell, who sponsored the bill in the Senate, [said](#) making gold and silver legal tender is the “logical thing” for Arizona to do. “I think you look at some of the things that are happening and the amount of money printed by the Federal Reserve and who has control of that money, and I think anybody would be concerned,” he noted, presumably referring to the unprecedented measures taken by the U.S. central bank in recent years — [conjuring trillions of dollars into existence](#), [bailing out cronies and foreign banks](#), [manipulating markets](#), and



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more.

Sen. Crandell acknowledged that all of Arizona, of course, would not immediately start conducting business in precious metals. However, like numerous economists and experts backing the bill have explained, there are more than a few compelling reasons to get the ball rolling and give state citizens the ability to choose among various forms of currency in private exchange without being subjected to additional tax liabilities.

“This gives a lot of opportunity for those who would like to use an alternative method of payment,” Sen. Crandell [told](#) a local news outlet about the benefits of his legislation, using arguments similar to those advanced in Utah prior to that state’s adoption of the legal tender act. “Gold and silver have been around a long time and people are secure with it and we should give them an opportunity to use it.”

The bill does not specify how the system should work, leaving it up to participants in the market to work it out voluntarily. However, the popular lawmaker said he envisions private-sector companies and organizations, for example, holding precious metals and offering credit or debit cards to customers — that way people would not need to carry physical bullion to make routine payments.

The [Utah Precious Metals Association](#) is already becoming a leader in the field following the [passage of similar legislation](#) in early 2011. According to the UPMA, the association aims to promote the wide circulation of precious-metal legal tender by establishing standards and offering services to consumers. “More and more UPMA members are ‘going gold’ in their routine, daily purchases, making true choice in currency a viable reality for the public at large,” the organization states on its website.

In Arizona, supporters of the legislation also say it would help citizens deal with the potential consequences of the [Fed’s wild policies](#) — inflation or even hyperinflation, for example — by expanding the definition of legal tender. In addition to the fiat Federal Reserve currency purportedly authorized by the U.S. Congress in violation of the Constitution, the bill would also authorize the use of gold and silver coins minted by the federal government as a medium of exchange. Other precious-metals specie could become legal tender as well if approved by a court ruling.

“Legal tender is money and is not subject to taxation or regulation as property other than money,” the bill [states](#), adding, however, that nobody can compel anyone to accept precious metals against their will outside of contractual obligations. “Notwithstanding any other law, the exchange of one form of legal tender for another does not give rise to liability for any type of tax.” In other words, if the legislation is signed into law, trading depreciating Federal Reserve notes for gold or silver money would no longer be taxed.

A coalition of experts, economists, liberty-minded lawmakers, Tea Party groups, and grassroots activists played a key role in pushing the bill through the legislature. “You know, with what is happening with the dollar, and with the Fed, we really need to start building life-boats — even U-boats — to prepare for the coming tsunami,” said Chairman Miles Lester with Arizona Constitutional Advocates, a pro-sound money organization that helped advance the bill through both houses.

In a phone interview with *The New American*, Lester said it was crucial for states to take action. “We’ve got one in Utah, and we may be able to get one here in our state, but what we really need is 50 — one for every state — to prepare for what’s coming with the American dollar,” he explained. “It’s easy to see



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where this is heading and we need to start getting ready now, before it hits.”

Predictably, some Democrats expressed opposition to the legislation, claiming that monetary issues should be handled by the [privately owned Fed — essentially a cartel of major banking interests](#) that was handed a monopoly on currency by Congress in 1913. Others worried that businesses would not be prepared to handle gold and silver transactions. However, since nobody can be forced to accept gold or silver, it was not immediately clear why that would be a concern.

During hearings about the legislation, meanwhile, constitutional experts and respected economists explained to lawmakers why giving consumers and businesses extra choices was more than just a good idea. Among the primary points emphasized by proponents was the fact that the Fed has set up an [inherently flawed system where virtually all currency is loaned out](#) with impossible-to-pay interest attached.

Economist and money manager Keith Weiner, speaking on behalf of the pro-sound money Gold Standard Institute, [told](#) the House Committee on Financial Institutions that such monetary schemes represent “a recipe for worldwide bankruptcy.” Other experts pointed to the U.S. Constitution’s requirement that no state can use anything but gold and silver as legal tender — a concept the Founding Fathers emphasized repeatedly.

Finally, supporters said, the measure is an excellent way to protect Arizona’s economy and people in the face of increasing instability in the global financial system, especially to deal with the potential end of the U.S. dollar’s current status as the world reserve currency. If and when the Fed’s fiat dollar loses its global hegemony — and [considering recent developments](#) such as BRICS’ call for a world currency, even establishment analysts admit that time may be fast approaching — the consequences to the U.S. economic system could be absolutely devastating.

Gov. Brewer, who has shown some willingness to take on the “powers that be” in the past, has not yet indicated whether or not she will sign the legislation, veto it, or simply allow the measure to become law by doing nothing. Activists on the ground are working hard to prevent a veto, but supporters of the legislation say concerned citizens should help increase the pressure even further by getting involved. If the measure becomes law, gold and silver will become legal tender in Arizona next year.

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