



Written by [Alex Newman](#) on January 20, 2011

Utah Could Use Gold, Silver Under Sound Money Act

In light of the U.S. dollar's continual loss of purchasing power and the historical stability of precious metals as a store of value, a new bill set to be considered in the Utah legislature would require the state government to accept taxes and pay its obligations in gold or silver upon demand.

Under the proposed legislation, introduced late last year for the upcoming legislative session, the state government would be authorized to collect and return taxes and fees in precious metals. Additionally, Utah's government could use gold and silver in connection with any intrastate transaction. But of course, it would be entirely up to citizens whether they preferred to use precious-metals coins or U.S. dollars backed by nothing.



The legislation, referred to as "The Utah Specie Tender Act of 2011" or "The Sound Money Act," recognizes that the U.S. Constitution says no state shall make anything but gold and silver coin a tender in payment of debts. It also notes that Congress granted an "exclusive franchise to the privately owned Federal Reserve Bank, acting as the central bank of the nation, to issue Federal Reserve Notes as legal tender of the United States."

Since the central bank came into existence in 1913, the bill points out that Federal Reserve Notes (what Americans today call dollars) have lost more than 90 percent of their purchasing power. Meanwhile, during that period "as well as throughout the entire course of recorded human history, gold and silver coin have reliably retained their purchasing power," the legislation notes.

Since sound, constitutional money which retains its value is important to the people of Utah, the economy and the state government, the circulation of gold and silver coin in the state "vitaly affects the public interest," the bill states. And so, if passed, the government could deal in American Eagles, U.S. coins minted before the silver was removed, coins privately minted in Utah, or certain gold and silver coins produced by a small list of foreign governments.

Under the proposed law, the Utah Treasurer would be required to regularly calculate and publish the state's exchange rate between precious metals and Federal Reserve Notes. "Specie Exchange rates should be set so as to achieve the wide use and circulation of gold and silver coin in the course and scope of Utah Intrastate Commerce, especially with respect to the collection of taxes and fees by Utah Governmental Entities." Of course, the state's exchange rates would not affect private transactions except for purposes of calculating tax liability.

The bill also explicitly ensures the protection of privacy, making clear that gold and silver holdings are not subject to disclosure requirements without a lawful warrant. It exempts gold and silver from capital



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gains, sales, and property taxes as well. The state's metals would be protected by a reconstituted Utah Self Defense Force.

Sound money advocates immediately pounced on the proposal. [Digital Gold Currency](#) magazine, for example, recently published the bill in its entirety.

Rep. Ron Paul (R-Texas), the new chairman of the domestic monetary policy subcommittee in Congress, also [praised](#) the Utah proposal and its author. He said the bill and similar efforts in states around the country "highlight the importance of returning to sound money. Even if such efforts fail to achieve legislative success on their first try, their importance lies in bringing to the public's attention the problem of the ever-weakening dollar and the necessity of returning to a sound monetary system."

States' rights advocates also applauded the plan. In a piece entitled [An Idea Whose Time Has Come](#), Utah Tenth Amendment Center coordinator Connor Boyack wrote that the bill would "increase the liberty of each individual to determine how they would like to engage in commerce, and with what currency. On what rational grounds can an idea like this be opposed?"

Acknowledging that the bill may not be perfect yet, he said that it was important to back it anyway. "Considering the state of the dollar, the liberty-suppressing imposition of legal tender laws, and the stranglehold over commerce (interstate or otherwise), this idea is one whose time is come ... For the sake of our liberty — even if you have no desire to use gold or silver — this bill should be supported by all Utahns who have the remotest of concerns about preserving our wealth and staving off financial ruin."

But despite widespread praise for the proposal, Utah's establishment media blasted the idea in a recent editorial. "The 2011 session of the Utah Legislature is looking like uncommonly fertile ground for crackpot ideas," [wrote](#) the *Salt Lake Tribune* in an editorial, calling the sound-money bill the "most outrageous scheme to surface yet."

Claiming that the steady dollar devaluation is no big deal because "that's how markets work" when money can be easily transferred and "governments employ fiscal and monetary policy to manage their economies," the piece proceeds to claim that the proposal is unconstitutional because states can't coin money. Perhaps the editorial board did not read the legislation, because nowhere does it order or even suggest that the state government coin anything.

"Utah can't secede from the Union, and it shouldn't try to secede from the federal currency, either," the editorial board wrote, again forcing readers to wonder if they had actually read the bill. In fact, the legislation specifically states that Federal Reserve Notes would still be legal tender in Utah, and that nobody can be compelled to accept or pay in gold or silver.

However, the paper did publish a response — well, most of it anyway — from the bill's author, [Citizens for Sound Money](#) founder Larry Hilton, a Utah attorney and businessman who is also working on developing the "[Utah Golden Parachute](#)." In his response to the paper's attack, entitled [Tribune got it wrong on gold for goods](#), Hilton wrote that "pointing to the rise in the price of gold without acknowledging the unprecedented expansion in the U.S. money supply, which more than doubled over the time period cited, came off as either disingenuous or embarrassingly ill-informed."

He also noted that the bill's passage "could actually become the best thing to happen to the U.S. dollar since 1965. If embraced by even a small, critical mass of the citizenry, it might well begin the process of putting the brakes on our national leaders' very bad, very dysfunctional habit of creating gobs of money out of thin air whenever they feel the need to further fund the pitiful welfare/warfare state they envision



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for America. I wonder if The Tribune’s luminaries have ever considered that perhaps the sanity that sound money brings might arrest today’s global flight from the U.S. dollar as the world’s reserve currency?”

In a telephone interview with *The New American*, Hilton said that “generally speaking, we’ve had a very, very good reception at all of our discussions” about the bill with state legislators. The public reaction has also been “very positive,” he said.

“To me, the best road back to a really well-functioning monetary system is through the states, and through the states exercising their monetary power as articulated in Article I, Section 10 of the [U.S.] Constitution to make nothing but gold and silver coin a payment in tender of debts,” Hilton added. “If each of the states — or even just a small handful — do what we’re contemplating here in Utah, I think it would have a very positive impact on the dollar itself,” not to mention the countless other benefits ushered in by competition.

When contacted by *The New American*, Sound Money Act sponsor Rep. John Dougall suggested contacting Hilton for information on the bill.

While Utah legislators prepare to consider the currency legislation during the next session beginning in less than a week, a bill introduced in the Virginia legislature would create a subcommittee to [study sound money options in anticipation of a total collapse of the U.S. dollar](#) and the Federal Reserve System which (mis)manages it.

And as state legislatures slowly start to take notice of the dollar’s flaws — at least 10 have recently [considered or introduced](#) gold-as-currency bills, so far — the rest of the world is already preparing for the dollar’s impending doom. The old fiat monetary order, if [international institutions](#) and [leaders](#) get their way, will be replaced with a [new world fiat currency](#) managed by a [global central bank](#) in the not-too-distant future. Americans, meanwhile, will face the consequences.

Update (March 11): The State Senate voted 17 to 7 on March 10 to approve the legal tender bill. “Our hope is to help stabilize the currency within our own state long term,” Senate Majority Leader Scott Jenkins told *Desert News*. The legislation now heads to the Governor, who so far has not publicly expressed a position.



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