



Written by [Alex Newman](#) on March 29, 2011

Gold, Silver Now Legal Tender in Utah

With Gov. Gary Herbert's signature on March 25, the state of Utah became the first in recent times to officially accept gold and silver coins as legal tender at their true value, prompting praise from sound-money advocates warning about the future of the Federal Reserve System and its fiat money.

The "[Utah Legal Tender Act](#)," as the new law is known, "recognizes gold and silver coins that are issued by the federal government as legal tender in the state and exempts the exchange of the coins from certain types of state tax liability," according to the bill. The law does not force anyone to accept or pay in precious metals, but rather provides the option for those who wish to do so voluntarily.



In essence, the bill legalizes currency competition in Utah by removing punitive state taxes on individuals and businesses trading in precious-metal coins. Among the taxes that federally minted gold and silver coins are now exempt from are state sales and capital gains. Federal taxes, however, still apply — despite the U.S. Constitution's clear language stating that no state shall make anything except gold or silver a tender in payment of debts.

On top of the state-tax exemptions, the law also orders the revenue and taxation committee to study the possibility of adopting another form of legal tender for the state. After the study is completed the committee is instructed to offer recommendations and prepare legislation for the 2012 legislative session.

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The state House of Representatives [originally approved the bill](#) 47 to 26 on March 4. "This is a step in preparedness; a step in security that allows us to be able to help hold up our economy as the dollar continues to shrink," the legislation's chief House sponsor, Republican Rep. Brad Galvez, [told](#) the *Salt Lake Tribune* at the time.

Rep. Ken Ivory, also a sponsor of the legislation, explained to the *Tribune* that the measure is "a way for us to preserve for the citizens of Utah ... the purchasing power of the money they hold." He cited as evidence the ever-increasing purchasing power of 1960s half-dollar silver coins even as the Federal Reserve's paper currency continues to lose value.

On March 10, the state Senate followed the House with a vote of 17 to 7 to pass the legislation. "Our hope is to help stabilize the currency within our own state long term," Senate Majority Leader Scott Jenkins [told](#) the *Deseret News*.

Gov. Herbert then received the bill, but issued no public pronouncements about his position for weeks. He had until the end of the month to sign or veto the legislation. And finally, he quietly [approved](#) it on



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Friday.

While acknowledging the limited effects of the bill for now, observers still commented on the powerful message it sends to the central bank. “This proto-gold standard in the American west is a rebuke and challenge to the Fed, and a reminder that easy monetary policy since 2007 has won the central bank many more enemies than friends,” [noted](#) analyst James West in a piece for the *Midas Letter*.

Establishment media outlets, meanwhile, are already attacking the plan. The elitist, U.K.-based *Financial Times*, for example, attempted to ridicule the state and its new law in a half-baked editorial, [charging](#):

Utah is no stranger to eccentric laws. This is, after all, the state whose citizens have, at various points, felt the need to outlaw both fishing from horseback and dispensing gunpowder as a headache cure. Now it has another legislative feat to match these illustrious forebears. The state’s legislature has passed a bill that paves the way for gold and silver to become legal tender.

Of course, defenders of the bill pounced on the editorial and ridiculed the paper as well as its “oblivious mockery” of the state. “Let’s come back in a year or two and see who’s still laughing,” [wrote](#) Chris Powell, the secretary and treasurer of the Gold Anti-Trust Action Committee. For good measure, he also provided [a link to a chart](#) comparing the British pound and the price of gold over the last decade.

Earlier this year, the Utah state legislature considered another, more radical proposal known as the “[Utah Sound Money Act](#).” The measure would have recognized gold and silver coins issued by some trustworthy foreign governments in addition to those minted by the U.S. government. And it would have gone even further toward normalizing trade in precious metals than the “Legal Tender Act” by requiring the state government to accept the coins as payment if taxpayers chose to use them.

That measure attracted a particularly broad coalition of prominent backers from across the country. For example, long-time sound-money advocate U.S. Rep. Ron Paul (R-Texas), who currently chairs the committee overseeing monetary policy, praised the bill and similar efforts across the country.

More than a dozen other states are now considering legislation to preempt the [looming crisis in federal reserve notes](#). And as the banking cartel [continues](#) creating new money at a record pace while the fiat dollar keeps losing value, the trend will only accelerate.



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