



ARIZONA STATE SENATE
Fifty-First Legislature, First Regular Session

FINAL REVISED

AMENDED

FACT SHEET FOR S.B. 1439

legal tender

Purpose

Authorizes the state to recognize coin or bullion with gold or silver content to be legal tender.

Background

Pursuant to 31 USC § 5103, *legal tender* consists of United States coins and currency for debts, public charges, taxes, and dues. Furthermore, it states that foreign gold and silver coins are not legal tender for debt.

Article 1, Section 10 of the United States Constitution states no state shall coin money; however, the same section stipulates that no state shall make anything but gold and silver coin a tender in payment of debts.

The anticipated fiscal impact to the state General Fund is unknown for this legislation.

Provisions

1. Defines *legal tender* as a mode of paying debts.
2. Defines *specie* as coin or bullion with gold or silver content.
3. Specifies that legal tender in Arizona consists of all of the following:
 - a) legal tender authorized by Congress;
 - b) specie coin issued by the United States Government at any time; and
 - c) any other specie that a court of competent jurisdiction rules by a final, unappealable order to be within the scope of state authority to make a legal tender.
4. States that a person, unless expressly proved by contract, cannot make another person tender or accept specie legal tender.
5. Exempts specie legal tender from liability of taxation.

6. States legal tender is money and not subject to tax or regulation as property other than money.
7. Authorizes the Attorney General to enforce laws regarding specie legal tender and stipulates a person has the right to judicial action.
8. Becomes effective 90 days after the Fifty-first Legislature, Second Regular Session adjourns sine die.

Amendments Adopted by Committee of the Whole

- Adds an effective date.

Amendments Adopted by the House of Representatives

- Modifies the definition of *legal tender*.
- Removes the provision requiring any tax due as a consequence of a transaction involving specie legal tender to be paid proportionately in the same legal tender.

Governor's Veto Message

The Governor indicates in her veto message that she believes the provisions in this legislation need to be more carefully examined and that there should be prior coordination among the government agencies tasked with the oversight of specie transactions. The Governor also states that the administrative and fiscal burdens, as a result of this legislation, remain vague for both the taxpayers and the Department of Revenue.

Senate Action

FIN 2/6/13 DP 4-3-0
3rd Read 2/28/13 17-11-2

House Action

FI 3/18/13 DP 4-2-0-2
3rd Read 4/8/13 36-22-2-0

Vetoed by the Governor 5/2/13

Prepared by Senate Research
June 5, 2013
BR/MR/ly