

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0466H.12C
 Bill No.: HCS for SS for SCS for SB 100
 Subject: State Treasurer; Taxation and Revenue - Income; Property, Real and Personal
 Type: Original
 Date: April 17, 2023

Bill Summary: This proposal modifies and establishes provisions relating to mediums of exchange.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	(Could exceed \$1,476,972)	(Could exceed \$1,489,874)	(Could exceed \$1,491,584)
Total Estimated Net Effect on General Revenue	(Could exceed \$1,476,972)	(Could exceed \$1,489,874)	(Could exceed \$1,491,584)

*Oversight notes the stated amounts above (\$1,476,972 in FY 2024, and roughly \$1.5 million per year thereafter) only reflect the lost interest revenue from allowing 1% of state funds to be held in gold and silver, as well as the additional FTE costs for the DOR to hire an assayer to verify “the weight and purity of any gold or silver coinage during any such transaction” as the state shall now accept gold and silver as payment. Any other state department that accepts payments may also incur similar costs. Oversight does not have enough information to estimate a loss to the state regarding §143.121 (deduction of capital gains from sale of gold and/or silver from MAGI); however estimates from the Department of Revenue and the Office of Administration - Budget note this loss is unknown but possibly significant.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Other State Funds**	\$0 or (\$2,335,333)	\$0 or (\$2,802,400)	\$0 or (\$2,802,400)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (\$2,335,333)	\$0 or (\$2,802,400)	\$0 or (\$2,802,400)

**Oversight assumes a possible loss of interest income if 1% of all state funds are held in gold and silver and not invested in interest-bearing securities by the Office of the State Treasurer. Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Federal Funds*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*If DSS is determined to be out of compliance (see page 9)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
Total Estimated Net Effect on FTE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE

*DOR assumed the need for an additional FTE Assayer to verify “the weight and purity of any gold or silver coinage during any such transaction” as the state shall now accept gold and silver coins as payment. Other state departments that accept payments may also find the need for additional FTE.

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 30.266 – STO Budget Reserve Fund Investment

Officials from **the Office of the State Treasurer (STO)** did not respond to our request for fiscal impact. However, in response to the introduced version of the bill, the STO stated investments made by the Missouri State Treasurer’s Office are determined by the state constitution, not by statute. The fiscal impact to the State Treasurer’s Office would be unknown.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this section allows the State Treasurer’s Office (STO) to keep at least 1% of all state funds in gold or silver. B&P notes that the value of gold and silver as well as the amount of all state funds fluctuates daily. It is unclear how often the STO would have to settle up the amount of gold/silver on hand relative to the amount of money in all state funds. B&P defers to STO for the potential impact of this provision.

Officials from the **Department of Revenue (DOR)** state this requires the STO to invest in gold or silver. This will not fiscally impact DOR.

Oversight notes this section allows the Office of the State Treasurer to keep in custody an amount of gold and silver greater than or equal to one percent (1%) of all state funds. Oversight assumes a loss of interest income to the state if the STO is no longer allowed to invest those monies in interest bearing securities. According to reports from the Office of the State Treasurer, the balance of all state funds in the treasury totaled \$16.96 billion at January 31, 2023. Also, the STO’s December Portfolio Management summary noted a par value of investments as of December 31, 2022 of \$16.5 billion and an effective rate of return for the month of December as 2.48%. Therefore, Oversight assumes if the STO keeps in custody 1% of state funds in gold and silver, this would equate to roughly \$169 million ($\$16,960,871,122 \times 1\%$) taken out of usual investments and used to purchase/hold gold and silver. Oversight will reflect a loss of interest income to General Revenue and Other state funds of \$4.2 million ($\$169,000,000 \times 2.48\%$). Oversight is unsure of the breakout of interest being credited to General Revenue versus other state funds; therefore, for simplicity, Oversight will assume interest proceeds from the General Revenue Fund (balance of \$5.6 billion at January 31, 2023) will be credited back to that fund, and all other interest will be credited to their original state funds, which Oversight will lump into “other state funds”.

General Revenue Fund	$\$5.6 \text{ billion} \times 1\% \times 2.48\% = \$1,388,800$
All others (reflected as “Other State Funds”)	$(\$16.9\text{B} - \$5.6\text{B}) \times 1\% \times 2.48\% = \$2,802,400$

Oversight notes the HCS states the STO “may keep” gold and silver (changed from “shall keep”); therefore, Oversight will reflect the fiscal impact as “\$0 or” the estimates reflected above.

Section 137.100 – property tax exemption for virtual currencies.

Officials from **DOR** note this exempts virtual currency from property tax. Property tax is handled by county assessors, county collectors, and the State Tax Commission, not DOR. This will not fiscally impact DOR.

Officials from **B&P** state this section would exempt "virtual currency" from state and local property taxes. B&P is unaware of any property taxes currently levied on such digital currencies; therefore, B&P anticipates that this section will not impact TSR or the Blind Pension Fund.

Officials from the **State Tax Commission** assume no fiscal impact from this proposal.

Officials from the **Lincoln County Assessor’s Office** assumed no fiscal impact from this proposal.

Oversight assumes virtual currencies are not currently subject to property tax; therefore, this section will not have a fiscal impact.

Section 143.121 Capital Gains and MAGI

DOR notes this requires that a taxpayer subtract the amount of capital gain on the sale or exchange of gold or silver from their Missouri adjusted gross if it was reported in their federal adjusted gross income. The Department is unable to determine how many people report capital gain on gold or silver or how much would be subtracted from their Missouri adjusted gross income. Should subtracting this capital gain decrease a taxpayer’s adjusted gross income, then this could result in a loss of revenue to the state. The impact is unknown but could be significant, over \$1 million.

This will require an additional line be added to the MO-A form, information would need to be added to their website and this would need to be added to the individual income tax computer system. These costs are estimated at \$7,193.

B&P notes this section would allow Missouri taxpayers to subtract any capital gains from the sale or exchange of gold and/or silver from the taxpayer's Missouri Adjusted Gross Income (MAGI), if such capital gains were included in the taxpayer's Federal Adjusted Gross Income (FAGI), beginning with tax year 2024.

B&P is unable to determine how the amount of capital gains claimed by Missouri taxpayers. However, the total amount of capital gains claimed during tax year 2020, the most recent complete year available, was \$6,397,177,469. If even 1% of the capital gains resulted from the

sale or exchange of gold and/or silver, B&P estimates that the loss to GR would have been \$3,166,603 ($\$6,397,177,469 \times 1\% \times 4.95\%$). Therefore, B&P estimates that this provision may have an unknown, but significant, loss to TSR and GR beginning with FY25 (for tax year 2024 capital gains).

Officials from the **Department of Social Services** state Section 143.121 is amended to exempt from state income taxes the portion of capital gain on the sale or exchange of gold and silver that are otherwise included in the taxpayer's federal adjusted gross income for all tax years beginning January 1, 2024.

The Family Support Division (FSD) determines eligibility for MO HealthNet using Modified Adjusted Gross Income (MAGI) for individuals that are not aged, blind, or disabled. Per [42 CFR 435.603\(e\)](#) MAGI programs follow the Internal Revenue Service (IRS) tax code for federal income taxable income when determining what income and expenses are included in the eligibility determination. Therefore, any change in capital gain or exchange of gold and silver that are otherwise included in the taxpayer's federal adjusted gross income for Missouri state income tax will not affect the eligibility criteria for MAGI.

Therefore, there is no fiscal impact to FSD IM for the provisions in section 143.121.

Oversight has no basis to provide an estimate; therefore, will reflect an unknown loss to the General Revenue Fund from this section.

Section 408.010 Legal Tender

DOR notes this provision allows gold and silver coins to serve as legal tender of the U.S. for payment of debts. It should be noted that if they are minted by the U.S. Mint they are already considered legal tender, though not widely used in financial transactions. However, if a person makes the coinage themselves, that is not considered legal tender and would be a violation of 18 U.S. § 486.

This proposal will require DOR to accept gold and silver coinage as payment of all taxes or obligations. This would not require DOR to accept gold backs or gold bars. For purposes of the fiscal note, DOR will assume that they only must accept gold and silver coinage that is legal tender. This proposal would require the Department to bear the cost of the verification of the weight and purity of the gold or silver upon acceptance. It should be noted that verification of gold and silver must be done by an Assayer. DOR does not currently have one on staff. Research indicates their average salary is around \$61,000 annually and currently there are only 4 working in Missouri at this time. If DOR is required to accept gold or silver at all of their locations (5) and licenses offices (173) DOR would need an Assayer at each location. DOR assumes it will need to have one full-time Assayer in the headquarters building where the majority of all payments are received. For purposes of the fiscal note, DOR assumes all taxpayers wishing to pay in gold or silver would need to do so in the Jefferson City Headquarters Building.

It should be noted that gold and silver are commodities that change in value daily like stocks on the stock exchange. This proposal will require DOR to accept gold and silver coinage at its spot price plus market premium rather than at its par value (value printed on the coin). The market premium on gold adds an additional 2% to 3.75% to the spot price. The par value of gold on 2/2/2023 (when DOR first priced for the fiscal notes) was \$44.22 per ounce while its spot price was trading for \$1,932 while today (4/7/2023) the spot trading price is \$2,021. Once the price is determined, by the time DOR is able to process the payments and get them to the bank to convert to dollars, the spot price could have changed again.

The Department is unable to determine how many people will want to pay with gold and silver coins rather than dollar bills. This proposal additionally removes the restriction that does not allow a person to use coins to pay their debt. At this time, DOR does not accept coins. Since this would allow for the payment of coins, DOR would need at least 2 coin counters with counterfeit detection devices. These are estimated at \$1,000 apiece. If it is determined that DOR would have to supply their license offices with these coin counters it would cost an additional \$173,000 (\$1,000 & 173).

Additionally, this proposal will require DOR to have larger safes to store gold and silver until bank transfer and additional security features for the three rooms in its headquarters where money is accepted. Additionally, security services may be needed if a large volume of gold and silver is received. The impact from the equipment upgrades could exceed \$200,000 and the impact from the acceptance of gold or silver is unknown to general revenue, total state revenue and numerous other state and local funds.

This proposal would also require DOR to get a new contract with the bank the state uses. Currently, coins and gold and silver are not processed under their contract. DOR would need to bid to find a bank that would be willing to handle these items for us. At this time, DOR does not have how much additional, these services would cost.

This proposal in 408.010.4 prevents all state and local governmental bodies from seizing any gold or silver that is owned by a person. If a taxpayer owes DOR back taxes, they would have the opportunity to move all their income to gold or silver and prohibit DOR from being able to collect the back taxes owed. DOR is unable to determine how this will impede their collection efforts. The impact is negatively unknown but could exceed \$250,000 annually.

B&P notes section 408.010 would allow gold and silver coinage to be legal tender in Missouri. B&P notes that certain gold and silver coins are already considered legal tender under Federal law. However, federal law prohibits the use of privately created gold and/or silver coins from being used as currency.

In addition, state agencies would be required accept gold and silver at their spot price plus market premium, rather than at their par value. B&P notes that the spot price changes daily, which in turn impacts the market premium. B&P further notes that under current law the par

value for gold is \$42.22 per ounce. While the spot price for gold on 2/2/2023 was \$1,932.00 and the spot price for silver was \$0.76 per gram. In addition, the market premium for gold is currently 2% - 3.75%. This proposal does not specify which rate the state should use when calculating a dollar value for the market premium. Therefore, on 2/2/2023 the state would have to accept an ounce of gold for \$ 1,070.64 to \$2,004.45 per ounce. B&P notes that because the spot price changes daily, it is possible that an agency could accept a certain dollar value of gold and/or silver one day, but receive a different amount when those assets were converted to dollars. Therefore, this provision may have an unknown impact on TSR, GR, and other state funds.

Subsection 408.010.4 prevents all state and local government bodies from seizing any gold and silver held by a person. B&P notes that this would allow individuals and businesses to store or move assets into gold and/or silver in order to avoid having assets seized. This would allow taxpayers to move their assets to gold and/or silver coins in order to avoid paying back taxes to the state. Therefore, this provision may have a negative unknown impact to TSR, GR, as well as other state and local funds.

Officials from **the Department of Mental Health (DMH)** note the state of Missouri shall accept gold and silver as payment for any debt, tax, or obligation owed. Costs incurred in the course of verification of the weight and purity of any gold or silver coinage during any such transaction shall be borne by the receiving entity.

DMH is unable to determine when and how often the department would receive payment in the form of gold or silver coins. Accepting payment in this form would create a substantial burden on DMH due to calculating value, determining purity and authenticity, and cost of depositing or selling. Fiscal impact from this additional administrative work is unknown.

While coins minted by the US treasury are legal tender, they are not widely used in financial transactions. The proposal states the state shall accept gold and silver coinage, but does not specify that coinage must be minted by the US treasury. Gold and silver coins created outside the US Treasury are not excluded. U.S. Constitution, Article. 1, §10, cl. 1 allows states to recognize gold and silver coinage as tender; however, the limits of this provision are largely untested in federal courts.

Officials from the **Department of Corrections** state the proposed bill could have a cost to verify weight and purity as well as need to secure store, process and deposit legal tender. The department cannot project the number of payments received for legal tender of gold and silver therefore, this bill would have an unknown impact on the department.

Officials from the **Department of Labor and Industrial Relations** state if this bill is interpreted to allow the Division of Employment Security (DES) to accept Gold/Silver coinage in the repayment of debt, this could cause an unknown impact to DES. DES would incur the cost of the verification of the weight and purity of the Gold/Silver. At this time, DOLIR does not have a way to estimate the cost.

Officials from the **Department of Social Services (DSS) MO HealthNet Division (MHD)** states they are unable to determine how many people will want to pay with gold and silver rather than other forms of payment. Currently, the MHD has no way to determine the verification of the weight and the value of the purity of the gold or silver upon acceptance. If a participant chooses to pay with either gold or silver, the MHD would have to seek out different options in order for that payment to be assessed, including but not limited to, seeking out an Assayer to determine its value. The MHD assumes these instances would be minimal and therefore, would be minimal to no impact to the MHD.

This proposal in 408.010.4 also prevents all state and local governmental bodies from seizing any gold or silver that is owned by a person. Per RSMo 473.398, MHD is directed to collect debts owed to the State related to Medicaid claims. If all or a portion of assets are in gold or silver, it could limit the amount MHD can collect. The MHD is estimating that up to 1% of collections could be impacted by this legislation. On average, the MHD collects around \$18 million per year. Therefore, the impact to MHD is \$0 to \$180,000 per year.

Also, DSS' state the proposed subsection 408.010.1 would impact **Child Support (CS)** by allowing gold and silver coinage to be legal tender in Missouri. Certain gold and silver coins are already considered legal tender under federal law. However, federal law prohibits the use of privately created gold and/or silver coins from being used as currency. For the purposes of this fiscal note, it is assumed that the FSD CS program would only accept gold and silver coinage that is considered legal tender under federal law.

This proposal will require the FSD CS program to accept gold and silver coinage as payment for child support obligations, for annual federal fee payments made by the obligor and for recovery payments. The proposal also allows the use of federal reserve notes (cash payments) as payment for the child support related debts. Child support payments are processed by FSD's State Disbursement Unit, the Family Support Payment Center (FSPC) which is run by FSD's contractor Systems & Method, Inc. (SMI). Fees and recovery payments are processed by the Division of Finance and Administrative Services (DFAS).

Under proposed 408.010.1, the FSD CS program shall accept gold and silver coinage at their spot price plus market premium. Gold and silver are commodities that change in value daily. Depending on the time it takes to convert the gold and silver coinage, the spot price could have changed leaving a balance or excess amount.

The FSD CS program is unable to determine how many people will want to pay with gold and silver rather than other forms of payment but it is assumed it would be minimal. Currently, the FSD CS program has no experience or ability to accept gold and silver as payment. In order to comply with this bill, the FSD CS program would need to enter into a contract with a financial entity that would accept and convert the gold and silver into a form of payment accepted by FSPC and DFAS. FSD CS or the financial entity may also need to contract with an assayer that would be able to verify the weight and value of the purity of the gold or silver.

The FSD CS program notes that under 408.010.4, obligors could move assets into gold and/or silver in order to avoid having assets attached by the FSD CS program for child support. It is unknown how many obligors may move assets into gold and/or silver and the negative impact for this is unknown.

The FSD CS program does not currently require payments in the form of digital currency. The provisions of this legislation allows for the use of federal reserve notes (cash payments) in the payment of any debt. The FSD CS program does not currently accept cash. If a cash payment is received by a child support office, it is returned to the remitter following specific cash handling procedures. The FSD CS program assumes that under this proposed bill the FSD CS program would have to accept cash payments. The change to policy can be handled with existing staff.

The FSPC collects and disburses payments for child support cases meeting the criteria under 454.530, RSMo, and [45 CFR 302.32](#). FSPC is required under federal and state law to disburse support payments within two business days after receipt. The FSD CS program would be required to process and disburse child support payments received in gold and silver coinage within the two day time frame to be in compliance with the Title IV–D state plan. As the gold and silver coinage would have to be authenticated and converted into a form of payment accepted by the FSPC prior to the FSPC processing and disbursing the payment, the FSD CS program anticipates the processing time could exceed the two–day time frame required for payment disbursement thereby risking state compliance.

If the FSD CS program does not disburse payments within two business days of receipt, Missouri could have IV–D state compliance implications. Title IV–D state plan noncompliance will result in the loss of federal funding for the state’s child support program (\$48.3 million for FFY 2022). Having an approved Title IV–D state plan is a condition of eligibility for a Temporary Assistance for Needy Families (TANF) block grant under Title IV–A of the Social Security Act. If the Federal government determines Missouri’s IV–D state plan is noncompliant, Missouri’s TANF funding (\$216.3 million) could potentially be reduced. FSD is unsure how much the reduction in funding would amount to; therefore, this amount is not included in the overall fiscal impact of this legislation. In order to continue the CS program services at its current level, any loss of federal funding would have to be replaced with general revenue. Therefore, the fiscal impact of non–compliance would range from \$0 to \$48.3 million in general revenue.

The FSD estimates that the impact of entering into a contract with a financial entity and/or assayer to process gold and silver will be unknown, but estimated to be \$0 to \$100,000 per year.

Oversight will reflect a potential cost to various state agencies and local political subdivisions that accept payments – if they are now required to verify the weight and purity of any gold or silver coinage used as currency. For simplicity, Oversight will only reflect this potential cost to the state in the General Revenue Fund.

Oversight will also reflect a potential loss of federal funding due to non-compliance as described by the Department of Social Services.

Section 408.012 Digital Currency

DOR notes this provision would prohibit public entities from requiring certain types of currency over others. This would require public entities to accept all forms of legal tender including gold and silver along with cash, debit cards and credit cards. This will not have any additional impact on DOR that is not already listed above.

B&P notes section 408.012 would prevent the state from requiring digital currency as a form of payment. B&P notes that this this provision will not impact TSR.

Oversight assumes this provision would not create a fiscal impact on the state.

Section 408.900 - Digital Asset Mining

Officials from the **DOR** and **B&P** each assume the proposal would not fiscally impact their respective agencies.

Bill as a whole:

Officials from the **Department of Commerce and Insurance** believe the costs of this bill can be absorbed within their current appropriations. However, should the cost be more than anticipated, the department would request an increase in FTE and/or appropriations as appropriate through the budget process.

Officials from the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Natural Resources**, the **Department of Public Safety**, the **Office of the Governor**, the **Missouri Department of Agriculture**, the **Missouri Department of Transportation**, and the **Missouri National Guard** each assume the proposal would not fiscally impact their respective agencies.

In response to a previous version, the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the

General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Loss - §30.266 – of interest income if STO holds at least 1% of All State Funds in gold and/or silver p. 3</u>	\$0 or (\$1,157,333)	\$0 or (\$1,388,800)	\$0 or (\$1,388,800)
<u>Loss – DOR §143.121 – capital gains on the exchange of gold and silver now a deduction for MAGI calculation</u>	\$0	(Unknown)	(Unknown)
<u>Costs – DOR §408.010</u>	Could exceed...	Could exceed....	Could exceed....
Personal Service	(\$50,833)	(\$62,220)	(\$63,464)
Fringe Benefits	(\$31,532)	(\$38,284)	(\$38,738)
Expense & Equipment	(\$17,274)	(\$570)	(\$582)
Security items & materials	(\$220,000)	(\$0)	(\$0)
<u>Total Costs</u>	(\$319,639)	(\$101,074)	(\$102,784)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Costs – Various other State Agencies - §408.010 – potential cost to verify the weight and purity of any gold or silver coinage received as payment</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss – DOR 408.010.4 – potential inability to collect debts if not allowed to seize gold or silver</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(Could exceed \$1,476,972)</u>	<u>(Could exceed \$1,489,874)</u>	<u>(Could exceed \$1,491,584)</u>
Estimated Net FTE Change on General Revenue	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
OTHER STATE FUNDS			
<u>Loss</u> - §30.266 – of interest income if STO holds at least 1% of All State Funds in gold and/or silver p. 3	<u>\$0 or</u> <u>(\$2,335,333)</u>	<u>\$0 or</u> <u>(\$2,802,400)</u>	<u>\$0 or</u> <u>(\$2,802,400)</u>
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	<u>\$0 or</u> <u>(\$2,335,333)</u>	<u>\$0 or</u> <u>(\$2,802,400)</u>	<u>\$0 or</u> <u>(\$2,802,400)</u>
FEDERAL FUNDS			
<u>Loss</u> DSS – of federal funding if determined to be out of compliance	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses that invest in gold and silver could be impacted by this proposal.

FISCAL DESCRIPTION

This act modifies and creates new provisions relating to mediums of exchange.

CUSTODY OF GOLD AND SILVER BY STATE TREASURER (Section 30.266)

The act allows the State Treasurer to keep in the custody of the state treasury an amount of gold and silver greater than or equal to 1% of all state funds.

TAXATION OF MEDIUMS OF EXCHANGE (Sections 137.100 and 143.121)

The act exempts virtual currencies, as defined in the act, from taxation for state, county, or local purposes.

Current law exempts all purchases of bullion and investment coins from all state and local sales taxes. This act additionally exempts from state income tax the portion of capital gain on the sale or exchange of gold and silver that are otherwise included in the taxpayer's federal adjusted gross income.

LEGAL TENDER (Sections 408.010 and 408.012)

The act declares that the state of Missouri shall accept gold and silver as legal tender, at spot price plus market premium, for payment of any debt, tax, fee, or obligation owed. Costs incurred in the course of verification of the weight and purity of any gold or silver during any such transaction shall be borne by the receiving entity. No person or entity shall be required to use gold or silver issued by the federal government in the payment of any debt. Nothing in this act shall prohibit the use of Federal Reserve notes in the payment of any debt.

The act also prohibits the state of Missouri from requiring payment in the form of any digital currency, as defined in the act.

DIGITAL MINING (Section 408.900)

This act creates new provisions relating to digital mining. Specifically, the act permits any person to run a node or a series of nodes in this state for the purpose of home digital asset mining at the person's private residence. A person or entity may have a digital asset mining business in any area in this state that is zoned for industrial use. Furthermore, any person engaged in home digital asset mining or digital asset mining business shall not be considered a money transmitter. A political subdivision shall not:

- Limit the sound decibels generated from home digital asset mining other than limits set for sound pollution generally;
- Impose any requirements on a digital asset mining business that is not also a requirement for data centers in such political subdivision; or
- Rezone the area in which a digital asset mining business is located without complying with applicable state and local zoning laws or rezone any area with the intent or effect of discriminating against any digital asset mining business.

A digital asset mining business is entitled to appeal any change in zoning pursuant to any applicable state or local zoning laws.

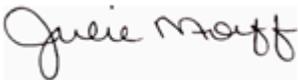
The public service commission shall not establish a rate schedule for digital asset mining that creates discriminatory rates for digital asset mining businesses.

This act contains a severability clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning
Department of Revenue
Office of Administration
Office of the State Treasurer
Joint Committee on Administrative Rules
Office of the Secretary of State
Department of Mental Health
Department of Corrections
Department of Social Services
Department of Labor and Industrial Relations
Department of Commerce and Insurance
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Natural Resources
Department of Public Safety
Office of the Governor
Missouri Department of Agriculture
Missouri Department of Transportation
Missouri National Guard
Lincoln County Assessor



Julie Morff
Director
April 17, 2023



Ross Strobe
Assistant Director
April 17, 2023