

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0714S.01I
 Bill No.: SB 194
 Subject: Treasurer, State; Taxation and Revenue - Income; Property, Real and Personal;
 Uniform Laws; Commercial Code
 Type: Original
 Date: March 11, 2025

Bill Summary: This proposal creates and modifies provisions relating to legal tender.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	(Could exceed \$1,939,533)	(Could substantially exceed \$1,464,232)	(Could substantially exceed \$1,467,458)
Total Estimated Net Effect on General Revenue	(Could exceed \$1,939,533)	(Could substantially exceed \$1,464,232)	(Could substantially exceed \$1,467,458)

*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 and 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 coins 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 assume the loss could be significant and is reflected above as “could substantially exceed”.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Other State Funds*	(\$4,225,506)	(\$4,225,506)	(\$4,225,506)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$4,225,506)	(\$4,225,506)	(\$4,225,506)

***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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

*Oversight notes DSS-FSD indicated this proposal could result in the loss of federal funding due to noncompliance (could exceed \$52.4 million). Oversight assumes this is speculative and will not include this estimate in the fiscal note.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue* - DOR	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
Total Estimated Net Effect on FTE	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE

*DOR assumed the need for 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 for weight and purity verification as well as storage/handling.

- 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 2026	FY 2027	FY 2028
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 30.266 – STO Budget Reserve Fund

Officials from the **Office of Administration - Budget and Planning (B&P)** note this section requires 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)** note this proposal would require the Office of the State Treasurer (STO) to keep at least 1% of all state revenue in gold or silver. This will not fiscally impact DOR.

Officials from the **Office of the State Treasurer (STO)** note the amount required to invest in specie will not be invested in higher-yielding securities. The impact is unknown storing, protecting, assaying, and transporting would be costly. If the STO is required to keep physical specie the space needed could be substantial. STO has no way to determine space requirements and additional building/site security at this time.

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 \$17.85 billion at January 2025. Also, the STO’s January Portfolio Management [summary](#) noted a par value of investments as of January 31, 2025 of \$18.1 billion and an effective rate of return for the month of January of 3.08%. Therefore, Oversight assumes if the STO keeps in custody 1% of state funds in gold and silver, this would equate to roughly \$178 million ($\$17,847,267,156 \times 1\%$) 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 \$5.5 million ($\$169,000,000 \times 3.08\%$).

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 \$4.1 billion at January 2025) 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 $\$4.1 \text{ billion} \times 1\% \times 3.08\% = \$1,271,453$

All others (reflected as “Other State Funds”) ($\$17.85\text{B} - \4.1B) $\times 1\% \times 3.08\% = \$4,225,506$

Sections 34.700, 400.1-201 – Digital Currency

Officials from the **Office of Administration - Budget and Planning (B&P)** note Section 34.700 would prohibit all public entities in Missouri from testing or accepting “central bank digital currency” (CBDC) as a form of payment. Section 400.1-201 excludes “central bank digital currency” from the definition of money.

B&P notes that CBDC is a digital currency that is a liability of the federal reserve. Currently, the United States has physical currency (i.e. cash) and electronic money (i.e. bank accounts / payment apps / online transactions). Electronic money is a liability of the commercial bank that holds the corresponding cash deposit. Whereas a CBDC would be liability of the federal reserve and there is no corresponding cash deposit.

B&P further notes that the U.S. Federal Reserve, and many other federal reserves across the world, are looking in to creating CBDCs for various reasons. However, this is not currently active CBDC.

Therefore, this provision will not currently impact public entities or state and local revenues. However, if a CBDC is developed in the future, the prohibitions contained within this provision could limit payment options for citizens in the future.

Officials from the **Department of Commerce and Insurance** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Department of Revenue (DOR)** note the Department of Revenue (DOR) receives, processes and deposits the majority of all state revenue. DOR receives sales tax, individual income tax, corporate tax and various taxes and fees collected by state agencies that is then brought to DOR for deposit.

DOR currently accepts the following types of payments which are considered physical currency:

- Coins created by the U.S. Mint including pennies, nickels, dimes and quarters.
- Dollar Bills printed by the Bureau of Engraving and Printing
- Personal/Business Checks
- Money Orders
- Cashier’s Check
- Debit Cards
- Credit Cards
- Bank Transfers via electronic means.

This proposal creates Section 34.700 which would prohibit any public entity from accepting payments using “central bank digital currency”. The Department of Revenue and all other state agencies would be subject to this prohibition as a public entity.

This proposal also adds the definition of “central bank digital currency” saying it includes a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System.

Currently, the United States is using physical currency as its monetary system. It is a system that allows people to hold money in a physical form (such as dollar bills in your hand). A digital currency is a form of currency that would only exist in a digital or electronic form (such as cryptocurrency or bitcoin). It cannot be converted into a physical form.

The Federal Reserve is collecting comments on the possibility of creating a central bank digital currency system. One does **not** exist at this time. Under this proposal, should the Federal Reserve be allowed to create a central bank digital currency, the State of Missouri, its agencies (including DOR), and all its political subdivisions would be prohibited from accepting that currency as payment of any debt.

For informational purposes, in FY 2024, the State brought in \$13,429,144,001 in general revenue, \$1,294,775,327 in the School District Trust Fund, \$170,578,762 in the Conservation Commission Fund and \$137,097,803 for the DNR sales tax funds. At this time, since the digital currency does not exist, DOR assumes this will not have a fiscal impact to DOR, or state revenue.

Should digital currency be allowed to be used in the future, this could hamper the state’s ability to collect what is owed or inconvenience the taxpayers by limiting their payment options. Additionally, if a “digital medium of exchange” prohibits DOR from accepting debit or credit cards this could also inconvenience the taxpayers by limiting their payment options.

Oversight assumes these issues are speculative, therefore, Oversight will reflect a zero impact in the fiscal note.

Section 143.121 – Capital Gains Income Tax Subtraction

Officials from the **Office of Administration - Budget and Planning (B&P)** note 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 2026.

B&P is unable to determine the amount of capital gains claimed by Missouri taxpayers. However, the total amount of capital gains claimed during tax year 2022, the most recent complete year available, was \$4,162,253,341. 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 \$1,956,259 ($\$4,162,253,341 \times 1\% \times 4.7\%$). Therefore, B&P estimates that this provision may have an unknown, but significant, loss to TSR and GR beginning with FY27 (for tax year 2026 capital gains).

Officials from the **Department of Revenue (DOR)** note this proposal requires that a taxpayer be allowed to subtract the amount of capital gain they receive from the sale or exchange of gold or silver from their Federal Adjusted Gross Income (FAGI) when calculating their Missouri Adjusted Gross Income (MAGI) thus lowering their taxable income.

Taxpayers report the sources of the capital gain on their federal tax returns and only their FAGI number is reported on the Missouri tax return. Therefore, DOR is unable to determine how much capital gain is reported from the sale or exchange of gold and silver in Missouri.

The Internal Revenue Service SOI data for 2021 (the most complete year) shows that total capital gains reported on the returns for the State of Missouri equaled \$22,498,638,000. If just 1% of these capital gains was a result of either gold or silver this could result in a loss to general revenue of \$10,574,360 ($\$22,498,638,000 \times 1\% \times 4.7\%$ tax rate).

This will require an additional line be added to the MO-A form (\$2,200), information would need to be added to the department's website and this would need to be added to its individual income tax computer system (\$7,327). These costs are estimated at \$9,527.

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 assume the loss could be significant. Therefore, Oversight will reflect an unknown loss that is "unknown potentially significant".

Section 408.010 – Legal Tender

Officials from the **Office of Administration - Budget and Planning (B&P)** note 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 12/10/2024 was \$2,707.99 per ounce and the spot price for silver was \$32.26 per ounce. In addition, the market premium for

gold is currently 3.5% - 5%, while the silver premium is \$5 to \$8 per ounce. This proposal does not specify which rate the state should use when calculating a dollar value for the market premium. Therefore, on 12/10/2024 the state would have to accept an ounce of gold for \$2,802.77 to \$2,843.39 and an ounce of silver for \$27.26 to \$40.26. 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 and courts 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 Revenue (DOR)** note this provision allows gold and silver coins to be accepted as legal tender in Missouri and shall be allowed for the payment of all debts, taxes, fees and obligations owed. This proposal does not specify that the gold or silver coins be minted by the U.S. Mint. Therefore, allowing people to create their own coins.

The State and DOR already accept all coins minted by the U.S. Mint as they are considered legal tender. This includes the commemorative coins printed but not widely used in financial transactions.

DOR receives, processes and deposits the majority of all state revenue. DOR receives sales tax, individual income tax, corporate tax and various taxes and fees collected by state agencies that is then brought to DOR for deposit. However, DOR does not accept and will continue to **not** accept any coinage that is in violation of 18 U.S. § 486. Acceptance of coins not considered legal tender per this federal statute can result in felony charges being brought by the Federal Government. While this proposal does not address the issue, DOR assumes the department would only accept gold and silver coins created by the U.S. Mint or Federal Government and can refuse any other gold and silver coins.

This proposal removes the prohibition of people paying their entire state debt in coins. Prior to this prohibition being in place, DOR would receive envelopes full of coins. Removing this language would allow customers to send in envelopes of coins and require DOR to get coin counting machines. DOR would need at least one for the department's Taxation Division, and one each for the department's Motor Vehicle and Driver License Divisions. These machines are estimated to cost \$250 each.

This proposal would require the State of Missouri to accept gold and silver coinage as payment of debt at their spot price plus market premium. It says that the cost incurred in the course of verification of the "weight and purity" of any gold or silver received must be borne by the

receiver (the State). DOR assumes that since the majority of state revenue comes to the Department, it would be responsible for the verification process.

It should be noted that verification of the “weight and purity” of gold and silver can only be done by a certified Assayer. DOR does not currently have one on staff. Research indicates their average salary is around \$75,000 annually. DOR assumes the department will need to have at least one full-time Assayer in its Jefferson City headquarters building where the majority of all payments are received. If DOR is required to accept gold or silver at all its locations (5) and licenses offices (173) the department would need an Assayer at each location. For purposes of the fiscal note, DOR assumes all taxpayers wishing to pay in gold or silver would need to conduct their business in its Jefferson City Headquarters Building.

DOR notes that most revenue collected by the state agencies is processed by DOR. If DOR is required to provide the Assayer for all citizens wishing to pay with gold or silver, those citizens would be required to come to the DOR Jefferson City Headquarters. This will require DOR to build a central computer system to issue receipts and track payments. This program could be expected to cost up to \$100,000 for all agencies.

Should there be a large volume of people coming to the department’s office, DOR would need an Associate Customer Service Rep. (\$37,020) to handle appointments and paperwork.

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 today (1/7/2025) is \$42.22 per ounce while its spot price is trading for \$2,662. Once the price is determined through the verification process, by the time DOR is able to process the payments and get them to a bank to convert to dollars, the spot price could have changed again. This could result in a loss to the state if prices drop.

DOR notes it would need to get a contract with a bank that can handle the transfer of gold and silver. The department’s current contract does not cover it. DOR is unable to estimate the cost of such a contract.

It should be noted that this provision would become effective on August 28, 2025. The Department notes that until the Assayer is hired, a bank contract is issued, security measures are increased, and the computer systems are programmed to accept these other types of payment, the Department will not be able to accept gold and silver. Getting these items may take time.

Missouri would be the first state to accept gold and silver as payment. While other states have passed laws providing their state with language allowing rolling compliance with acceptance of currency types like gold, silver and central bank digital currency should the federal government make these types of legal tender, none have allowed the paying of a currency that is not legal tender. Therefore, DOR is unable to obtain information as to the number of people wishing to

use alternative currency or the costs of providing these alternatives. DOR assumes that this proposal:

- Require the hiring of at least one Assayer. \$75,000 salary
- Require the specialized equipment needed for the Assayer to use for determining the value of the gold and silver. Up to \$10,000
- It will require the need for at least three coin-counters for each of its divisions. \$250 each.
- Modifications to its Headquarters Building to house the Assayer, their equipment and a large safe to store the gold and silver until it can be transferred to the bank.
- State will need a new contract with a bank that can handle gold and silver.
- Larger safe for the department's Cashiering team that receive money from other agencies for deposit. Their current safe is not designed to handle large sums of coins, or gold and silver.
- Additional security services may be needed if a large volume of gold or silver is received into the department's building.
- Updates to the department's numerous payment systems to recognize that these types of payments were made. These would include taxation's MyTax, and the motor vehicle and driver license systems' FUSION. ITSD estimates at least \$38,000 for the necessary updates per division (3 divisions).

DOR estimates these additional costs for the department's building, equipment and security could exceed \$250,000.

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 will 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 much this will impede the department's collection efforts. This impact is expected to be unknown.

Officials from the **Office of Administration** note this legislation could increase the cost to the division of general services if a financial recovery is obtained from subrogation and that recovery paid in gold or silver. The exact cost is unknown.

Officials from the **Department of Corrections** note Section 408.010 would require the department to accept payment for debts in gold and silver. The legislation requires the department to bear the costs in determining the weight and purity of the gold and silver. The DOC currently processes approximately 93,000 payments a year for intervention fees and it is unknown what percentage of transactions would be moved to gold/silver. This legislation could create an unknown cost with the processing of payments and reconciling the value of the silver/gold, determined by the department with the value provided by the bank. Therefore, the DOC estimates an unknown impact.

Officials from the **Department of Social Services (DSS)** note currently, FSD Income Maintenance (IM) does not accept any payment for any programs administered by IM.

However, when an individual has been found to have incorrectly received benefits administered by FSD, a claim is filed and payment for the overpayment is submitted as repayment to the Division of Finance and Administrative Services (DFAS).

DSS further notes that proposed subsection 408.010.2 would allow specie and electronic currency to be legal tender in Missouri.

This proposal will require the Family Support Division (FSD) CS program to accept specie and electronic currency as payment for child support obligations, for annual federal fee payments made by the obligor and for recovery payments. 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). FSD assumes specie legal tender to be precious metal (gold, silver, platinum and palladium) coin that is issued by the federal government and any other specie. FSD also assumes electronic currency is digital currency that encompasses any currency, money or money-like asset that is stored or exchanged on computer systems.

Under proposed 408.010.3, the FSD CS program will be required to accept specie legal tender and electronic currency. Specie coinage is a commodity that changes in value daily. Depending on the time it takes to convert the specie, the spot price could have changed leaving a balance or excess amount. Electronic currency (cryptocurrency) is influenced by supply and demand that creates a price volatility that could change the value. Depending on the time it takes to convert the electronic currency, the value of the currency could change leaving a balance or excess amount.

The FSD CS program is unable to determine how many people will want to pay with specie legal tender or electronic currency 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 specie legal tender or electronic currency as payment.

In order to comply with accepting specie legal tender, the FSD CS program would need to enter into a contract with a financial entity that would accept and convert the specie into a form of payment accepted by FSPC. 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 specie.

In order to comply with accepting electronic currency, FSD assumes, for the purpose of this fiscal note, OA Accounting would enter into a contract with a financial broker that would accept electronic currency and convert the electronic currency into a form of payment accepted by FSD.

The FSD CS program notes that under 408.010.6 (1), obligors could move assets into specie legal tender or electronic currency 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 specie legal tender or electronic currency and the negative impact for this is unknown.

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 specie or electronic currency within the two-day time frame to be in compliance with the Title IV–D state plan. As the specie and electronic currency 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 child support 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 (\$52.4 million for FFY 2024). 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 child support 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 \$52.4 million general revenue.

FSD assumes that any form of electronic currency would need to be liquidated into cash form to be able to receive as payment. FSD assumes that a financial broker would be procured by the state of Missouri to handle this function for all departments.

FSD defers to OA-Accounting for the fiscal impact to receive electronic currency as a form of payment.

The FSD estimates that the impact of entering into a contract with a financial entity and/or assayer to process specie legal tender will be \$0 to \$100,000 per year.

The MO Healthnet Division (MHD) is 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.

FY26: Total - \$0 - \$180,000

FY27: Total - \$0 - \$180,000

FY28: Total - \$0 - \$180,000

Oversight will reflect a potential cost to all state agencies as well as local political subdivisions of an unknown amount for the administrative burden of accepting, valuing, storing and depositing gold and silver payments.

Oversight notes DSS-FSD indicated this proposal could result in the loss of federal funding due to noncompliance. Oversight assumes this is speculative and will not include this estimate in the fiscal note.

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

Per DLS, this version specifies that the currency is "coinage" not "specie". US issued coinage would not likely need purity assessed. Other coinage may need it, but this impact would be very minimal. Unlikely people would pay penalties with coinage.

Per DES, 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, the department does not have a way to estimate the cost.

Oversight will reflect a potential cost to all state agencies as well as local political subdivisions of an unknown amount for the administrative burden of accepting, valuing, storing and depositing gold and silver payments.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Mental Health (DMH)** note 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, it is 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. Const., art. 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 **City of Kansas City** assume this proposed legislation has a negative impact of an indeterminate amount because the cost of verification of weight and purity and it must be performed by an assayer. There are only four in State of Missouri. The average salary is \$61,000. The city will not be able to seize gold and silver. Therefore, if the city has a judgment, the person can convert assets into gold and silver to avoid collection.

Officials from the **Department of Commerce and Insurance** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs</u> - STO - §30.266 – to store, protect, assay, and transport gold and silver	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - §30.266 – of interest income if STO holds at least 1% of All State Funds in gold and/or silver	(\$1,271,453)	(\$1,271,453)	(\$1,271,453)
<u>Costs</u> - DOR - §408.010			
Personnel Service	(\$93,350)	(\$114,260)	(\$116,546)
Fringe Benefits	(\$63,735)	(\$77,379)	(\$78,296)
Expense & Equipment	(\$26,718)	(\$1,140)	(\$1,163)
Coin Machines	(\$750)		
Computer for gold/central computer system	(\$214,000)		
Assayer equipment	(\$10,000)	\$0	\$0

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
MAGI updates	(\$9,527)	\$0	\$0
Security measures & building modifications	(\$250,000)	\$0	\$0
<u>Total Costs</u>	(\$668,080)	(\$192,779)	(\$196,005)
FTE Change	2 FTE	2 FTE	2 FTE
<u>Loss – DOR §143.121 – capital gains on the exchange of gold and silver now a deduction for MAGI calculation</u>	\$0	(Unknown – potentially significant)	(Unknown – potentially significant)
<u>Costs – Various State Agencies - §408.010 – potential cost to verify the weight and purity of any gold or silver coinage received as payment</u>	(Unknown)	(Unknown)	(Unknown)
<u>Loss – DOR §408.010.4 – removal of gold and silver coins as seizable assets</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Could exceed \$1,939,533)</u>	<u>(Could substantially exceed \$1,464,232)</u>	<u>(Could substantially exceed \$1,467,458)</u>
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE
OTHER STATE FUNDS			
<u>Loss - §30.266 – of interest income if STO holds at least 1% of All State Funds in gold and/or silver</u>	(\$4,225,506)	(\$4,225,506)	(\$4,225,506)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	<u>(\$4,225,506)</u>	<u>(\$4,225,506)</u>	<u>(\$4,225,506)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> – Local governments - §408.010.2 – potential cost to verify the weight and purity of any gold or silver coinage received as payment	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - §408.010.4 – removal of gold and silver coins as seizable assets	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

Small businesses that want to utilize gold and silver as currency would be impacted by this proposal. Small businesses that invest in gold and silver could be impacted by this proposal.

FISCAL DESCRIPTION

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

The act requires 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.

CENTRAL BANK DIGITAL CURRENCY (Sections 34.700 and 400.1-201)

This act creates new provisions relating to central bank digital currency. A central bank digital currency is defined as a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is made directly available to a consumer by such entities. The term includes a digital currency, a digital medium of exchange, or a digital monetary unit of account issued by the United States Federal Reserve System, a federal agency, a foreign government, a foreign central bank, or a foreign reserve system, that is processed or validated directly by such entities.

The act prohibits public entities from accepting payments using any central bank digital currency. Furthermore, public entities are prohibited from participating in any test of central bank digital currency by any Federal Reserve branch.

The act also modifies the definition of "money" for purposes of the Uniform Commercial Code to exclude central bank digital currency from its meaning.

This provision is identical to certain provisions in HCS/SB 736 (2024), SB 826 (2024), certain provisions in SB 1352 (2024), and certain provisions in the perfected HB 2780 (2024).

INCOME TAXATION ON GOLD AND SILVER (Section 143.121)

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)

The act declares that gold and silver shall be accepted as legal tender at their spot price plus market premium and shall be receivable in payment of all debts, public and private, contracted for in the state of Missouri. 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.

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

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Department of Commerce and Insurance
Department of Mental Health
Office of Administration
Office of the State Treasurer
Department of Social Services
Department of Corrections
Department of Labor and Industrial Relations
City of Kansas City



Julie Morff
Director
March 11, 2025



Jessica Harris
Assistant Director
March 11, 2025