

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4629H.011  
 Bill No.: HB 2257  
 Subject: State Treasurer; Taxation and Revenue - Income; Property, Real and Personal  
 Type: Original  
 Date: February 27, 2024

Bill Summary: This proposal creates and modifies provisions relating to gold and silver.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	(Could exceed \$1,718,605)	(Could substantially exceed \$1,648,563)	(Could substantially exceed \$1,650,663)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$1,718,605)</b>	<b>(Could substantially exceed \$1,648,563)</b>	<b>(Could substantially exceed \$1,650,663)</b>

\*Oversight notes the stated amounts above only reflect the lost income revenue of keeping 1% of state funds in gold and silver instead of in interest bearing investments, as well as 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 note this loss is unknown but significant.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Other State Funds	(\$3,684,166)	(\$4,421,000)	(\$4,421,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$3,684,166)</b>	<b>(\$4,421,000)</b>	<b>(\$4,421,000)</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Revenue	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 1 FTE</b>	<b>Could exceed 1 FTE</b>	<b>Could exceed 1 FTE</b>

\*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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Section 30.266 – State Treasury keeping specie.**

Officials from **the Office of the State Treasurer (STO)** although the bill says STO does not have to “invest” any state funds in a manner that is unconstitutional, the requirement for STO to “keep in its custody” one percent of gold and silver is tantamount to investing and therefore would violate the constitution if acted upon. Furthermore, it requires STO to act in a manner that runs contrary to the investment philosophy set forth in the constitution and effectively renders one percent of the state’s portfolio permanently illiquid.

Storing, protecting, assaying, and transporting would create a fiscal impact for the STO. Moreover, if constitutional considerations interfere with the STO holding specie in its custody or investing in specie, the STO might be required to sell any and all specie that enters its possession due to the legal requirement of agencies to receive specie for payment of obligations. It is unclear what impact, if any, selling specie will have on the state's investment portfolio.

**Oversight** notes the balance of all state funds as of January 31, 2024 was \$18,533,970,438. One percent (1%) of this would be equal to \$185.3 million. Per the monthly STO Portfolio Summary report for January 31,2024, the STO’s investments had a monthly rate of return of 3.21%. If this amount is required to be kept in gold and silver, Oversight will reflect a loss of interest income of

	Balance	1%	x 3.21%
General Revenue	\$ 4,760,630,865	\$ 47,606,309	\$1,528,162
Other State Funds	<u>\$13,773,339,573</u>	<u>\$137,733,396</u>	<u>\$4,421,242</u>
Total State Funds	\$18,533,970,438	\$185,339,705	\$5,949,404

General Revenue Fund	$\$4.76 \text{ billion} \times 1\% \times 3.21\% =$	\$1,528,000
All others (reflected as “Other State Funds”)	$(\$18.5\text{B} - \$4.76\text{B}) \times 1\% \times 3.21\% =$	<u>\$4,421,000</u>
<b>TOTAL</b>		<b>\$5,949,000</b>

Oversight has **not** reflected the potential market volatility of gold and silver in the fiscal note.

Officials from the **Office of Administration - Budget and Planning (B&P)** state 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)** assume this section will not fiscally impact DOR.

#### Section 143.121 Capital Gains and MAGI

Officials from the **Office of Administration - Budget and Planning (B&P)** state 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 2025.

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 2021, the most recent complete year available, was \$10,933,232,729. 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 \$5,247,952 ( $\$10,933,232,729 \times 1\% \times 4.8\%$ ). Therefore, B&P estimates that this provision may have an unknown, but significant, loss to TSR and GR beginning with FY26 (for tax year 2025 capital gains).

Officials from the **DOR** state this part of the 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 2020 (the most complete year) shows that total capital gains reported on the returns for the State of Missouri equaled \$10,621,746,000. 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 \$5,098,438 ( $\$10,621,746,000 \times 1\% \times 4.8\%$  tax rate).

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 \$8,923.

#### Section 408.010 – Legal Tender

**B&P** states Section 408.101 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..

Officials from the **Department of Revenue** state this part of the proposal 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.

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 only acceptable gold and silver coins would be those created by the U.S. Mint or Federal Government.

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. They would need at least one for the Taxation Division, and two for the Motor Vehicle and Driver License Division. 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. DOR assumes that since the majority of state revenue comes to the Department, they 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 an Assayer. DOR does not currently have one on staff. Research indicates their average salary is around \$75,000 annually. DOR assumes they will need to have one full-time Assayer in

the Jefferson City headquarters building where the majority of all payments are received. If DOR is required to accept gold or silver at all of their locations (5) and licenses offices (173) they would need an Assayer at each location. For purposes of the fiscal note, they assume all taxpayers wishing to pay in gold or silver would need to conduct their business in their 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 today (12/18/2023) is \$44.22 per ounce while its spot price is trading for \$2,038. Once the price is determined through the verification process, 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. This could result in a loss to the state if prices drop.

If DOR is required to provide the Assayer that all agencies would use for verifying their gold and silver, then DOR would assume a central computer program would need to be build for DOR and the agencies to be able to track these payments. This program could be expected to cost up to \$100,000 for all agencies.

It should be noted that this provision would become effective on August 28, 2024. The Department notes that until the Assayer is hired, 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 the gold and silver. Getting these items may take time.

The Department is unable to determine how many people will want to pay with gold and silver rather than dollar bills. 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 their divisions. \$250 each.
- Modifications to their 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. Current contract does not allow transfer of gold and silver.
- Larger safe for the 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 their building.
- Updates to the 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.

DOR estimates these additional costs for their building, equipment and security could exceed \$250,000.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** state if this bill is interpreted to allow the Division of Employment Security (DES), Division of Workers' Compensation (DWC) and Division of Labor Standards (DLS) to accept Gold/Silver coinage in the repayment of debt, this could cause an unknown impact to DES, DWC and DLS. The DES, DWC and DLS 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 Mental Health (DMH)** state 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, 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 **Department of Corrections (DOC)** state the proposed legislation 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 determined by the bank.

The proposed legislation would also require the department to accept electronic currency for the payment of debts. The department would need to contract with a company to accept the electronic currency and have it converted to US dollars for deposit. Currently, the department's contracted bank does not accept deposits of gold and silver. Therefore, the DOC estimates an unknown impact.

Officials from **the Department of Social Services (DSS)** state proposed section 408.010 requires that gold and silver coinage 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. The state of Missouri is required to accept gold and silver coinage as payment for 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.

All state and local government bodies and courts are prohibited from seizing any gold and silver held by a person.

Proposed 408.012 prohibits public entities from requiring payment in the form of any digital currency, as defined in the act. Payment by means of cash, debit card, or credit card shall be accepted by all public entities. Payment in gold or silver coinage shall also be considered legal tender and shall be accepted by all public entities.

#### **Income Maintenance (IM):**

Currently, FSD 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 Department of Finance and Administrative Services (DFAS). FSD assumes DSS would have to enter into a contract with a financial entity and/or assayer process gold or silver coinage as payment.

#### **Child Support (CS)**

Proposed subsection 408.010.1 would allow 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 requires the FSD CS program to accept payment by means of cash, debit card, or credit card. 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. The FSD CS program also does not accept debit or credit card payments for payment of fees or recovery. 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 and to process debit and credit card payments for fees and recovery. 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 would require the FSD CS program to accept cash payments including coins. The FSD CS program does not currently accept cash or coinage. 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 (\$53.8 million for FFY 2023). 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 \$53.8 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 and for a financial entity to process credit and debit card payments will be unknown, but estimated to be \$0 to \$100,000 per year.

**MHD:**

The 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.

FY25: Total - \$0 - \$180,000

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

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

**Therefore, the total DSS impact is \$0 to \$280,000 per year.**

In response to a similar proposal (SB 735), officials from the **STO** stated section 408.010.2 proposes that “specie legal tender and electronic currency [as defined under the proposal] shall be accepted as legal tender for payment of all public debts” and 408.010.3 requires that “[t]he state of Missouri shall accept specie legal tender and electronic currency as payment for any debt, tax, fee, or obligation owed. Costs incurred in the course of verification of the weight and purity of any specie legal tender or electronic currency during any such transaction shall be borne by the receiving entity.” This requirement has **no fiscal impact** for the STO, but would likely have an impact on all agencies receiving payments for any debt, tax, fee or obligation owed as the agencies would necessarily store, protect, assay, and transport specie.

In response to a similar proposal (HB 1955), officials from the City of Kansas City stated this proposed legislation has a negative fiscal impact of an indeterminate amount because the City will need to hire an assayer to evaluate the gold and silver and taxpayers can avoid payment of judgments by converting their money into to silver and gold.

Oversight will reflect a potential cost to all state agencies as well as local political subdivisions or \$0 or an unknown amount for the administrative burden of accepting, valuing, storing and depositing gold and silver payments.

#### Section 408.010.4 Seizing of specie legal tender

Officials from **Office of Administration - Budget and Planning** state this 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** state this part of the proposal 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 their collection efforts. This impact is expected to be unknown.

#### Section 408.012 Digital Currency

Officials from the **Department of Revenue** state they receive, process and deposit 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 408.012 which would prohibit any public entity from accepting payments using "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 "digital currency" saying is any currency primarily stored, managed or transferred by electronic means.

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 2023, the State brought in \$13,234,562,879 in general revenue, \$1,204,232,139 in the School District Trust Fund, \$159,908,6287 in the Conservation Commission Fund and \$127,826,635 for the DNR sales tax funds. At this time, since DOR does not accept cryptocurrency and central bank 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.

Bill as a whole:

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 – Office of the Director**, the **Missouri Highway Patrol**, the **Missouri Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri National Guard**, the **City of Osceola**, and the **Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

In response to a similar proposal (SB 735), officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization.

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

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<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	(\$1,273,333)	(\$1,528,000)	(\$1,528,000)
Costs – STO – for keeping in custody gold and silver equal to 1% of all state funds (currently \$185 million in gold and silver)	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – DOR §143.121 – capital gains on the exchange of gold and silver now a deduction for MAGI calculation	\$0	(Unknown – potentially significant)	(Unknown – potentially significant)
Costs – DOR §408.010	Could exceed...	Could exceed....	Could exceed.....
Personal Service	(\$62,500)	(\$76,500)	(\$78,030)
Fringe Benefits	(\$35,788)	(\$43,493)	(\$44,051)
Expense & Equipment	(\$22,984)	(\$570)	(\$582)
Assayer equipment	(\$10,000)	\$0	\$0
Computer programs & updates	(\$214,000)	\$0	\$0
Security measures	<u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs</u>	<u>(\$445,272)</u>	<u>(\$120,563)</u>	<u>(\$122,663)</u>
FTE Change	1 FTE	1 FTE	1 FTE
<u>Costs</u> – Various State Agencies - §408.010 – potential cost to verify the weight and purity of any gold or silver coinage received as payment	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<u>Loss</u> – DOR §408.010.5 – removal of gold and silver coins as seizable assets	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE</b>	<b><u>(Could exceed \$1,718,605)</u></b>	<b><u>(Could substantially exceed \$1,648,563)</u></b>	<b><u>(Could substantially exceed \$1,650,663)</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
Estimated Net FTE Change on General Revenue	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
<b>OTHER STATE FUNDS</b>			
<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>(\$3,684,166)</u>	<u>(\$4,421,000)</u>	<u>(\$4,421,000)</u>
<b>ESTIMATED NET EFFECT TO OTHER STATE FUNDS</b>	<b><u>(\$3,684,166)</u></b>	<b><u>(\$4,421,000)</u></b>	<b><u>(\$4,421,000)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Costs</u> – Local governments - §408.010 – potential cost to verify the weight and purity of any gold or silver coinage received as payment	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>

FISCAL IMPACT – Small Business

Small businesses would now be required to accept gold and silver (at spot price plus market premium) for all (public and private) debts as a result of changes in Section 408.010.

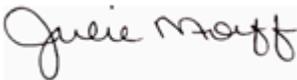
FISCAL DESCRIPTION

This act modifies and creates new provisions relating to legal tender.

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 the State Treasurer  
Department of Revenue  
Office of Administration - Budget and Planning  
Department of Mental Health  
Department of Social Services  
Department of Labor and Industrial Relations  
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 Corrections  
Department of Public Safety – Office of the Director  
Missouri Department of Agriculture  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration  
Office of the State Courts Administrator



Julie Morff  
Director  
February 27, 2024



Ross Strobe  
Assistant Director  
February 27, 2024