

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1673H.01I
Bill No.: HB 630
Subject: Economic Development; Department of Economic Development; Business and Commerce; Banks and Financial Institutions
Type: Original
Date: February 24, 2025

Bill Summary: This proposal establishes "The Constitutional Money Act" which regulates the treatment and use of gold and silver.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	(Could exceed \$668,080)	(Could substantially exceed \$192,779)	(Could substantially exceed \$196,005)
Total Estimated Net Effect on General Revenue	(Could exceed \$668,080)	(Could substantially exceed \$192,779)	(Could substantially exceed \$196,005)

*Oversight notes the stated amounts above (\$668,080 in FY 2026, and roughly \$193,000 per year thereafter) only reflect the administrative costs for the Department of Revenue including the cost to hire an Assayer in the verification of the weight and purity of any special legal tender or electronic currency as the state shall now accept gold and silver as payment. Any other state department that accepts payments may also incur similar costs, depending upon the rules promulgated by the DOR. 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 and Planning note this loss is unknown but potentially significant.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	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 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 as well as a Customer Service Representative. 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)

*Potential cost to verify the weight and purity of any gold or silver coinage received as payment and loss of gold and silver coins as seizable assets.

FISCAL ANALYSIS

ASSUMPTION

Section 30.266 – State Treasury keeping specie.

Officials from **the Office of the State Treasurer (STO)** state Section 30.266 states, “The state treasurer may keep in the custody of the state treasury an amount of specie greater than or equal to one percent of all state funds, provided that all such specie that is not needed for current expenses shall be placed on time deposit, bearing interest, in one or more banking institutions in this state, as required by Article IV, Section 15 of the Constitution of Missouri. Nothing in this section shall require the state treasurer to invest any state funds or funds received from the United States government in a manner inconsistent with Article IV, Section 15 of the Constitution of Missouri.”

This would require changing banking contracts, which would significantly impact their custodial bank RFP process. The STO does not know if any banks would be willing to hold gold and silver within an interest bearing account. This would create an additional hurdle in keeping or finding a custodial bank.

In response to similar legislation, HB 1955 (2024), officials from **STO** also stated in general, “may” ordinarily implies discretion and this proposal gives the state treasurer discretion whether or not to keep specie in the state treasury. Absent an exercise of the Treasurer’s discretion, Section 30.266 has **no fiscal impact** to the State Treasurer’s Office. In the event a Treasurer exercises this discretion in the future, storing, protecting, assaying, and transporting specie would have a potential fiscal impact for the STO.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this section would allow the STO to invest more than 1% of all state funds in gold or silver bullion. B&P notes that the STO would not be able to invest less than 1% of all state funds in gold and silver. B&P defers to the STO for the potential impact of this provision.

Officials from the **Department of Revenue (DOR)** assume this section will not fiscally impact DOR.

Oversight notes this section allows (may keep) 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 notes as this is permissive, we will not reflect a fiscal impact for this section.

However, according to reports from the Office of the State Treasurer, the balance of all state funds in the treasury totaled \$16.9 billion on December 31, 2024. Also, the STO’s December 2024 Portfolio Management summary noted a par value of investments of \$17.1 billion and an effective rate of return for the month in December as 3.07%. Therefore, Oversight assumes if the STO were to keep in custody 1% of state funds in gold and silver, this would equate to

roughly \$171 million ($\$17,100,000,000 \times 1\%$) taken out of usual investments and used to purchase/hold gold and silver. Oversight notes interest income of \$5.2 million ($\$171,000,000 \times 3.07\%$). 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 \$4.128 billion at December 31, 2024) is 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	$\$4.128 \text{ billion} \times 1\% \times 3.07\% = \$1,267,296$
All others (reflected as “Other State Funds”) ($\$17.1\text{B} - \4.128B)	$\times 1\% \times 3.07\% = \$3,982,404$
TOTAL	$\$5,249,700$

Oversight notes the proposal, if utilized by the STO, requires the STO to place this specie on time deposit, bearing interest, in one or more banking institutions in this state.

Section 143.121 Capital Gains and MAGI

Officials from the **Office of Administration – Budget and Planning (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 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)** state this proposal requires that a taxpayer be allowed to subtract the amount of capital gain they receive from the sale or exchange of specie from their Federal Adjusted Gross Income (FAGI) when calculating their Missouri Adjusted Gross Income (MAGI) thus lowering their taxable income. DOR notes this proposal says that the definition of “specie” is to use the definition in Section 408.010. Section 408.010 defines specie as silver coins of the United States that are legal tender. Therefore, this would be nickels, dimes and quarters.

DOR notes that capital gains would occur on these products when they are sold to a coin dealer. DOR is unable to determine the number of coins sold annually or for what value.

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 specie 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 specie this could result in a loss to general revenue of \$10,574,360 ($\$22,498,638,000 * 1\% * 4.7\%$ tax rate).

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

Oversight will reflect an unknown loss, potentially significant, to the General Revenue Fund from this section.

Section 408.010 – Legal Tender

Officials from the **Office of Administration (OA)** assume this legislation has the potential to impact OA, as it authorizes the payment of certain debts in specie, and requires the receiving party to pay the cost of assaying the coinage. This could result in costs to the state to verify the weight, purity, and value of the gold or silver coinage. If assaying services are not immediately available, legal issues could arise if the coins are determined after payment to be different in valuation than anticipated at the time of payment. Section 408.010 also prohibits the enforcement, or attempts to enforce, federal laws or infringing on the rights of persons to keep and use specie and electronic currency. This could result in additional claims being brought against the state, although such costs are unknown as the number of potential claims that may be asserted against the state, the severity of those claims, and the ultimate costs associated with any settlement or judgment resulting from those claims cannot be forecasted with any degree of assurance to their accuracy.

B&P states 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.

This section requires all state agencies to accept gold and silver as payment for debts and all costs incurred during value verification shall be paid by the state.

This section further prevents all state and local government bodies and courts from seizing any gold and silver held by a person, except as provided under the Criminal Activity Forfeiture Act. 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.

In response to similar legislation, SS/SCS/SB 735 (2024), officials from **B&P** stated 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 **DOR** state this provision allows specie legal tender and electronic currency 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 specie be minted by the U.S. Mint or that the electronic currency be a currency that is considered legal tender. Therefore, this proposal would allow people to create their own coins and currency.

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. Additionally, DOR allows for the use of credit and debit cards that are based on physical currency.

DOR 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. 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 they would only accept specie coins created by the U.S. Mint or Federal Government and can refuse any other 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 their Taxation Division, and one each for their Motor Vehicle and Driver License Divisions. These machines are estimated to cost \$250 each.

This proposal would require the State of Missouri to accept specie legal tender and electronic currency as payment of any debt. It says that the cost incurred in the course of verification of the “weight and purity” of any specie legal tender or electronic currency received must be borne by the receiver (the State). 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 a certified Assayer. DOR is unable to determine who is certified to verify the “weight and purity” of specie legal tender or electronic currency. DOR assumes it would require the equivalent of 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 at least one full-time Assayer in their Jefferson City headquarters building where the majority of all payments are received. If DOR is required to accept specie legal tender or electronic currency at all of their locations (5) and licenses offices (173) they would need an Assayer at each location. For purposes of the fiscal note, DOR assumes all taxpayers wishing to pay using these methods would need to conduct their business in their 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 specie legal tender or electronic currency, those citizens would be required to come go their 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 their office, DOR would need an Associate Customer Service Rep. (\$37,020) to handle appointments and paperwork.

It should be noted that specie legal tender and electronic currency are commodities that change in value daily like stocks on the stock exchange. 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 price could have changed again. This could result in a loss to the state if prices drop.

DOR notes they would need to get a contract with a bank that can handle the transfer of these types of payments. Their 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 these payments. Getting these items may take time.

Missouri would be the first state to accept specie legal tender and electronic currency not created by the Federal Government. While other states have passed laws providing their state with language allowing rolling compliance with acceptance of currency types like these 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:

- Requires the hiring of at least one Assayer. \$75,000 salary
- Requires the specialized equipment needed for the Assayer to use to determine the value of the specie and electronic currency. Up to \$10,000
- It will require 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 specie until it can be transferred to the bank.
- The State will need a new contract with a bank that can handle these currency types.
- Larger safe for their Cashiering team that receive money from other agencies for deposit. Their current safe is not designed to handle large sums of coins, or specie.
- Additional security services may be needed if a large volume of specie is received into their building.
- Updates to their 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 x \$38,000 = \$114,000).

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

This proposal in 408.010.5 requires any entity doing business in Missouri to pay compensation to an employee that requests it, in specie legal tender or electronic currency. DOR notes that this would impact all employers in the State and not just state employees. The Office of Administration is responsible for paying state employees and DOR defers to them for impact of this section.

Oversight notes Subsection 408.010.5 is permissive ("may") to employers and employees. Oversight assumes both the employer and employee would have to agree to pay wages in specie legal tender. Therefore, Oversight will assume the proposal would not require OA to pay state employees in specie legal tender; therefore, Oversight will not reflect a fiscal impact from this part of the proposal.

Officials from the **Department of Corrections (DOC)** assume the proposal establishes "The Constitutional Money Act" which regulates the treatment and use of gold and silver.

DOC state 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 determined by the bank.

The proposed legislation would also require DOC 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 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 they are 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. The 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. 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 **Missouri Lottery Commission** assume Section 408.010.3 of the proposal requires the state to accept specie legal tender as payment for any obligation owed, and costs incurred to verify the specie legal tender shall be borne by the receiving entity. It is assumed the Lottery must accept specie legal tender for payments from retailers and players for Lottery ticket sales under this proposal. The Lottery cannot determine how many and how often retailers and players will want to pay with gold or silver coins and does not have a way to estimate the cost of this proposal. The fiscal impact of this proposal to the Lottery is unknown.

Officials from the **Department of Social Services (DSS)** state 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

FSD:

Section 408.010:

Proposed section 408.010 creates the “Constitutional Money Act” and requires that specie legal tender and electronic currency shall be accepted as legal tender for payment of all public debts, and may be accepted for all private debts hereafter contracted in the state of Missouri in discretion of the receiving entity.

The state of Missouri is required to 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. No person or entity shall be required to use specie legal tender or electronic currency in the payment of any debt. Nothing in this act shall prohibit the use of Federal Reserve notes in the payment of any debt. If requested by an employee, any business entity in the state may pay compensation to such employee, in full or part, in the dollar equivalent specie legal tender either in physical or electronic transfer form. Any entity choosing to compensate its employees in specie legal tender shall be responsible for verifying the weight and purity of any physical specie legal tender prior to compensation.

All state and local government bodies and courts are prohibited from seizing any specie legal tender or electronic currency owned by a person, except as otherwise provided by law. All state and local government bodies and courts are prohibited from enforcing or attempting to enforce any federal acts, laws, executive orders, administrative orders, rules, regulations, statutes, or ordinances infringing upon a person’s right to keep and use specie legal tender and electronic currency. All state and local government bodies and courts are prohibited from restricting the ability of a person or financial institution to acquire or use specie legal tender and electronic currency or enacting any law discriminating or favoring one means of legal tender in the course of a transaction over another means of legal tender.

Income Maintenance (IM):

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 Department of Finance and Administrative Services (DFAS).

Child Support (CS):

Proposed subsection 408.010.2 would allow specie and electronic currency to be legal tender in Missouri.

This proposal will require the 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 (\$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 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 \$53.8 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.

Therefore, the total DSS impact would be \$0 to \$280,000 per year.

Officials from the **City of Kansas City** state this proposed legislation has a negative fiscal impact of an indeterminate amount because of the cost of verification of weight and purity and it must be performed by an Assayer; and the City will not be able to seize gold and silver. Therefore, if the City has a judgment, the person can convert to gold or silver and avoid taxes. In addition, due to market volatility issues, the City may lose money depending on when it is sold.

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.

Section 408.010.5 Seizing of specie legal tender

Officials from **B&P** state this section further prevents all state and local government bodies and courts from seizing any gold and silver held by a person, except as provided under the Criminal Activity Forfeiture Act. B&P notes that this would allow individuals and businesses to store or move assets into gold and/or silver to avoid having assets seized. This would allow taxpayers to move their assets to gold and/or silver coins 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.

In response to similar legislation, HB 433 (2025) officials from the **Department of Revenue** stated in similar section to 408.010.5(1) that this prevents all state and local governmental bodies from seizing any specie legal tender or electronic currency that is owned by a person. If a taxpayer owes DOR back taxes, they will have the opportunity to move all their income to specie legal tender or electronic currency 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.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero to unknown cost to the general revenue fund as well as local governments in the fiscal note for the removal of gold and silver coins as seizable assets.

Bill as a whole:

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.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

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 Missouri Highway Patrol, Office of the Governor, the Missouri Department of Agriculture, Missouri Department of Conservation, the Missouri Department of Transportation, Department of Public Safety – Office of the Director, Office of the State Auditor, and the Missouri National Guard each assume the proposal will have no fiscal impact on their respective organization.

In response to similar legislation, HB 1955 (2024), officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their respective organization.

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.

Rule Promulgation

Officials from 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)** note 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 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<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)
<u>Costs</u> – DOR §408.010	Could exceed...	Could exceed....	Could exceed.....
Personal 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
MAGI updates	(\$9,527)	\$0	\$0
Security measures & building modifications	(\$250,000)	\$0	\$0
<u>Total Costs</u>	<u>(\$668,080)</u>	<u>(\$192,779)</u>	<u>(\$196,005)</u>
FTE Change	2 FTE	2 FTE	2 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	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – DOR §408.010.5 – removal of gold and silver coins as seizable assets	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO GENERAL REVENUE	(Could exceed \$668,080)	(Could substantially exceed \$192,779)	(Could substantially exceed \$196,005)
Estimated Net FTE Change on General Revenue	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE

<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 - specie legal tender and electronic currency shall be accepted as legal tender for all payment of all public debts	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - §408.010.6 – 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.

FISCAL DESCRIPTION

This bill establishes the "Constitutional Money Act" and modifies and creates new provisions relating to the treatment and use of gold and silver.

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

The bill permits the State Treasurer to keep in the custody of the state treasury an amount of gold and silver specie greater than or equal to 1% of all state funds, provided that all such specie that is not needed for current expenses must be placed on time deposit, bearing interest, in one or more banking institutions in this state, as required by the Missouri Constitution.

INCOME TAXATION ON GOLD AND SILVER SPECIE (Section 143.121)

Currently, all purchases of bullion and investment coins are exempt from all state and local sales taxes. This bill additionally exempts from state income tax beginning on or after January 1, 2026, the portion of capital gain on the sale or exchange of gold and silver specie that are otherwise included in the taxpayer's federal adjusted gross income.

CONSTITUTIONAL MONEY ACT (Section 408.010)

The bill provides that specie legal tender and electronic currency, as those terms are defined in the bill, are accepted as payment for all public debts and may be received as payment for all private debts contracted for in the state of Missouri, in the discretion of the receiving entity.

The State is required to 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 during any such transaction are borne by the receiving entity.

Except as expressly provided by contract, no person or entity is required to use specie legal tender or electronic currency in the payment of any debt and nothing in this bill prohibits the use of federal reserve notes in the payment of any debt.

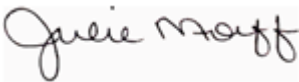
The bill also prohibits the State or any department, agency, court, political subdivision, or instrumentality thereof from:

- (1) Seizing from any person any specie legal tender that is owned by the person, except as otherwise provided by law. Any person whose specie legal tender is seized in violation of this provision has a cause of action in a court of competent jurisdiction, with any successful such action resulting in the award of attorney's fees;
- (2) Enforcing or attempting to enforce any Federal acts, laws, executive orders, administrative orders, rules, regulations, statutes, or ordinances infringing on the right of a person to keep and use specie legal tender as provided in this bill;
- (3) Restricting in any way the ability of a person to acquire specie legal tender in transactions; or
- (4) Enacting any law discriminating or favoring one means of legal tender in the course of a transaction over another means of 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

Attorney General's Office
Office of Administration – Budget & Planning
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 Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety – Directors Office
Missouri Highway Patrol
Department of Social Services
Office of the Governor
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Department of Transportation
Missouri National Guard
Office of Administration
Office of the Secretary of State
Office of the State Treasurer
Office of the State Auditor
Joint Committee on Administrative Rules
Missouri Lottery Commission
Office of the State Courts Administrator
City of Kansas City



Julie Morff
Director
February 24, 2025



Jessica Harris
Assistant Director
February 24, 2025