

CURRENCY AMENDMENTS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brad J. Galvez

Senate Sponsor: Scott K. Jenkins

6	Cosponsors:	Gregory H. Hughes	Jeremy A. Peterson
7	Johnny Anderson	Ken Ivory	Holly J. Richardson
8	Roger E. Barrus	Michael T. Morley	Stephen E. Sandstrom
9	Bradley M. Daw	Michael E. Noel	Ryan D. Wilcox
10	John Dougall	Curtis Oda	Carl Wimmer
11	Gage Froerer	Patrick Painter	Bill Wright
12	Keith Grover	Lee B. Perry	

13

14 **LONG TITLE**

15 **General Description:**

16 This bill recognizes gold and silver coins that are issued by the federal government as
17 legal tender in the state and exempts the exchange of the coins from certain types of
18 state tax liability.

19 **Highlighted Provisions:**

20 This bill:

- 21 ▶ provides definitions;
- 22 ▶ recognizes gold and silver coins issued by the federal government to be legal tender
23 in the state;
- 24 ▶ does not compel a person to tender or accept gold and silver coin;
- 25 ▶ provides that the exchange of gold and silver coins for another form of legal tender
26 does not create any individual income or sales tax liability;
- 27 ▶ requires the Revenue and Taxation Interim Committee to:
 - 28 • study the possibility of establishing an alternative form of legal tender;

- 29 • recommend whether an alternative form of legal tender should be established;
- 30 and
- 31 • prepare any recommended legislation for the 2012 General Session; and
- 32 ▶ enacts an uncodified severability clause.

33 **Money Appropriated in this Bill:**

34 None

35 **Other Special Clauses:**

36 None

37 **Utah Code Sections Affected:**

38 AMENDS:

39 **59-10-1002.2**, as renumbered and amended by Laws of Utah 2008, Chapter 389

40 ENACTS:

41 **59-1-1501**, Utah Code Annotated 1953

42 **59-1-1502**, Utah Code Annotated 1953

43 **59-1-1503**, Utah Code Annotated 1953

44 **59-1-1504**, Utah Code Annotated 1953

45 **59-10-1025**, Utah Code Annotated 1953

46 **Uncodified Material Affected:**

47 ENACTS UNCODIFIED MATERIAL



49 *Be it enacted by the Legislature of the state of Utah:*

50 Section 1. Section **59-1-1501** is enacted to read:

51 **Part 15. Legal Tender Act**

52 **59-1-1501. Title.**

53 This part is known as the "Legal Tender Act."

54 Section 2. Section **59-1-1502** is enacted to read:

55 **59-1-1502. Gold and silver coin.**

56 (1) Gold and silver coin issued by the federal government is legal tender in the state.

57 (2) A person may not compel any other person to tender or accept gold and silver coin
58 that is issued by the federal government.

59 Section 3. Section **59-1-1503** is enacted to read:

60 **59-1-1503. Nonrefundable credit -- Sales tax exemption.**

61 (1) There is a nonrefundable credit established for any capital gains incurred from the
62 exchange of gold and silver coin issued by the federal government for another form of legal
63 tender as provided in Section 59-10-1025.

64 (2) The exchange of gold and silver coin issued by the federal government for another
65 form of legal tender is exempt from sales and use taxes as provided in Subsection
66 59-12-104(50).

67 Section 4. Section **59-1-1504** is enacted to read:

68 **59-1-1504. Revenue and Taxation Interim Committee study.**

69 The Revenue and Taxation Interim Committee shall during the 2011 interim:

70 (1) study the possibility of establishing an alternative form of legal tender for the
71 payment of debts, public charges, taxes, and dues within the state;

72 (2) recommend whether legislation should be drafted to establish an alternative form of
73 legal tender; and

74 (3) prepare any legislation that the Revenue and Taxation Interim Committee
75 recommends in accordance with Subsection (2) for consideration by the Legislature during the
76 2012 General Session.

77 Section 5. Section **59-10-1002.2** is amended to read:

78 **59-10-1002.2. Apportionment of tax credits.**

79 (1) A nonresident individual or a part-year resident individual that claims a tax credit
80 in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1021, 59-10-1022,
81 59-10-1023, ~~or~~ 59-10-1024, or 59-10-1025 may only claim an apportioned amount of the tax
82 credit equal to:

83 (a) for a nonresident individual, the product of:

84 (i) the state income tax percentage for the nonresident individual; and

85 (ii) the amount of the tax credit that the nonresident individual would have been
86 allowed to claim but for the apportionment requirements of this section; or

87 (b) for a part-year resident individual, the product of:

88 (i) the state income tax percentage for the part-year resident individual; and

89 (ii) the amount of the tax credit that the part-year resident individual would have been
90 allowed to claim but for the apportionment requirements of this section.

91 (2) A nonresident estate or trust that claims a tax credit in accordance with Section
92 59-10-1017, 59-10-1020, 59-10-1022, [or] 59-10-1024, or 59-10-1025 may only claim an
93 apportioned amount of the tax credit equal to the product of:

94 (a) the state income tax percentage for the nonresident estate or trust; and

95 (b) the amount of the tax credit that the nonresident estate or trust would have been
96 allowed to claim but for the apportionment requirements of this section.

97 Section 6. Section **59-10-1025** is enacted to read:

98 **59-10-1025. Nonrefundable tax credit for capital gain transactions on the**
99 **exchange of gold and silver coin for another form of legal tender.**

100 (1) As used in this section:

101 (a) "Capital gain transaction" means a transaction that results in a:

102 (i) short-term capital gain; or

103 (ii) long-term capital gain.

104 (b) "Long-term capital gain" is as defined in Section 1222, Internal Revenue Code.

105 (c) "Short-term capital gain" is as defined in Section 1222, Internal Revenue Code.

106 (2) Except as provided in Section 59-10-1002.2, for taxable years beginning on or after
107 January 1, 2012, a claimant, estate, or trust may claim a nonrefundable tax credit equal to the
108 product of:

109 (a) to the extent a capital gain is not offset by a capital loss under Chapter 1,
110 Subchapter P, Capital Gains and Losses, Internal Revenue Code, the total amount of the
111 claimant's, estate's, or trust's short-term capital gain or long-term capital gain on a capital gain
112 transaction from an exchange made on or after January 1, 2012, of gold or silver coin issued by

113 the federal government for another form of legal tender; and

114 (b) 5%.

115 (3) A claimant, estate, or trust may not carry forward or carry back a tax credit under
116 this section.

117 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
118 commission may make rules to implement this section.

119 **Section 7. Severability clause.**

120 If any section of this bill or the application of any section of this bill to any person or
121 circumstance is held invalid by a final decision of a court of competent jurisdiction, the
122 remainder of this bill shall be given effect without the invalid section or application. The
123 provisions of this bill are severable.