

House Bill 3

By: Representative Franklin of the 43<sup>rd</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Title 7 of the Official Code of Georgia Annotated, relating to banking and finance,  
2 so as provide a short title; to provide legislative findings; to define certain terms; to require  
3 any bank or lending institution serving as a depository for the state or any department or  
4 agency of the state to offer and to accept gold and silver coin for deposit; to amend Title 50  
5 of the Official Code of Georgia Annotated, relating to state government, so as to provide  
6 legislative findings; to define certain terms; to require the exclusive use of gold and silver  
7 coin as tender in payment of debts by or to the state; to provide for related matters; to provide  
8 an effective date; to repeal conflicting laws; and for other purposes.

9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

10 style="text-align:center">**SECTION 1.**

11 This Act shall be known and may be cited as the "Constitutional Tender Act."

12 style="text-align:center">**SECTION 2.**

13 Title 7 of the Official Code of Georgia Annotated, relating to banking and finance, is  
14 amended by adding a new chapter to read as follows:

15 style="text-align:center">"CHAPTER 9

16 7-9-1.

17 The General Assembly finds and declares that sound, constitutionally based money is  
18 essential to the livelihood of the people of this state and the stability and growth of the  
19 economy of this state and region and vitally affects the public interest. The General  
20 Assembly further finds that Article I, Section 10 of the United States Constitution provides  
21 that no state shall "make any Thing but gold and silver Coin a Tender in Payment of  
22 Debts."

23 7-9-2.

24 As used in this chapter, the term:

25 (1) 'Federal Reserve Accounting Unit Dollar accounts' means accounts based on legal  
 26 tender federal reserve notes created by 12 U.S.C. Section 3, Subchapter XII.

27 (2) 'Gold eagle accounts' means accounts based on legal tender one ounce, one-half  
 28 ounce, and one-tenth ounce gold coins minted by the United States Mint since 1986  
 29 pursuant to 31 U.S.C. Section 5112(a)(7) through (a)(10) and 31 U.S.C. Section 5112(h).

30 (3) 'Pre-1965 silver accounts' means accounts based on legal tender silver coins minted  
 31 by the United States Mint prior to the Coinage Act of 1965 (Pub. L. 89, 81, 79 Stat. 254),  
 32 having a 90 percent silver composition and containing when minted approximately  
 33 0.7234 troy ounces of silver per dollar of face value.

34 (4) 'Silver eagle accounts' means accounts based on legal tender one ounce silver coins  
 35 minted by the United States Mint since 1986 pursuant to 31 U.S.C. Section 5112(e) and  
 36 31 U.S.C. Section 5112(h).

37 7-9-3.

38 Banks and lending institutions chartered by the state pursuant to this title, and any bank or  
 39 lending institution serving as a depository for the state or any department or agency of the  
 40 state, shall offer gold and silver coins minted by the United States to, and shall accept them  
 41 for deposit from, the state and other customers.

42 7-9-4.

43 (a) Banks and lending institutions designated in Code Section 7-9-3 shall offer accounts  
 44 denominated in:

45 (1) Federal Reserve Accounting Unit Dollar accounts;

46 (2) Pre-1965 silver accounts;

47 (3) Silver eagle accounts; and

48 (4) Gold eagle accounts.

49 (b) Accounts established as provided in subsection (a) of this Code section shall be  
 50 segregated from all other types of currency. Withdrawals shall be made in the same  
 51 currency as deposits; provided, however, that nothing in this Code section shall prevent the  
 52 conversion from one form of currency to another form of currency."

53 **SECTION 3.**

54 Title 50 of the Official Code of Georgia Annotated, relating to state government, is amended  
 55 by adding a new chapter to read as follows:

56

"CHAPTER 3857 50-38-1.

58 The General Assembly finds that, as mandated by Article I, Section 10 of the United States  
 59 Constitution, the state shall not "make any Thing but gold and silver Coin a Tender in  
 60 Payment of Debts." Federal Reserve Accounting Unit Dollars, having no redeeming value  
 61 in gold or silver coin, shall not be made a tender in payment of debts by the state.

62 50-38-2.63 As used in this chapter, the term:64 (1) 'Federal Reserve Accounting Unit Dollar accounts' means accounts based on legal  
65 tender federal reserve notes created by 12 U.S.C. Section 3, Subchapter XII.66 (2) 'Gold eagle accounts' means accounts based on legal tender one ounce, one-half  
67 ounce, and one-tenth ounce gold coins minted by the United States Mint since 1986  
68 pursuant to 31 U.S.C. Section 5112(a)(7) through (a)(10) and 31 U.S.C. Section 5112(h).69 (3) 'Pre-1965 silver accounts' means accounts based on legal tender silver coins minted  
70 by the United States Mint prior to the Coinage Act of 1965 (Pub. L. 89, 81, 79 Stat. 254),  
71 having a 90 percent silver composition and containing when minted approximately  
72 0.7234 troy ounces of silver per dollar of face value.73 (4) 'Silver eagle accounts' means accounts based on legal tender one ounce silver coins  
74 minted by the United States Mint since 1986 pursuant to 31 U.S.C. Section 5112(e) and  
75 31 U.S.C. Section 5112(h).76 50-38-3.

77 Pre-1965 silver coins, silver eagles, and gold eagles shall be the exclusive medium which  
 78 the state shall use to make any payments whatsoever to any person or entity, whether  
 79 private or governmental. Such coins shall be the exclusive medium which the state shall  
 80 accept from any person or entity as payment of any obligation to the state including,  
 81 without limitation, the payment of taxes; provided, however, that such coins and other  
 82 forms of currency may be used in all other transactions within the state upon mutual  
 83 consent of the parties of any such transaction.

84 50-38-4.

85 Upon the effective date of this chapter, all obligations owned by and to the state shall be  
 86 converted from denomination in Federal Reserve Accounting Unit Dollars to denomination  
 87 in gold and silver coins pursuant to Section 50-38-3. On the date of conversion from the  
 88 use by the state of Federal Reserve Accounting Unit Dollars to its use of gold and silver

89 coins, the conversion value of each coin used as payment of obligations by and to the state  
90 shall not be determined by the nominal face value of each coin itself, but shall be  
91 determined as follows:

92 (1) The current market value of the silver or gold content of each coin at the time of  
93 conversion shall be equal to the most recent conversion value to the United States dollar  
94 set on that current business day by the London Silver Fixing Price and the London Gold  
95 Fixing Price as of 1030 Greenwich Mean Time or 1500 Greenwich Mean Time,  
96 whichever is most recent;

97 (2) The conversion value of gold eagles shall be equal to the current market value in  
98 Federal Reserve Accounting Unit Dollars of the gold content of each coin plus the  
99 standard United States Mint Authorized Purchasers premium for gold eagle bullion coins  
100 as follows:

101 (A) Three percent premium for one ounce coins;

102 (B) Five percent premium for one-half ounce coins;

103 (C) Seven percent premium for one-quarter ounce coins; and

104 (D) Nine percent premium for one-tenth ounce coins;

105 (3) The conversion value of pre-1965 silver coins shall be equal to the current market  
106 value in Federal Reserve Accounting Unit Dollars of one troy ounce of silver, multiplied  
107 by 0.715 of the face value of each coin; and

108 (4) The conversion value of silver eagles shall be equal to the current market value in  
109 Federal Reserve Accounting Unit Dollars of the silver content of each coin plus the  
110 standard United States Mint Authorized Purchasers premium for silver eagle bullion  
111 coins of \$1.50 per coin.

112 50-38-5.

113 The coins used pursuant to Code Section 50-38-3 shall be accepted for deposit by banks  
114 and lending institutions chartered by the state under Title 7 and by any bank or lending  
115 institution serving as a depository for the state or any department or agency of the state.  
116 Any such bank or lending institution may offer such coins to, and accept them for deposit  
117 from, other customers. Nothing in Georgia law shall prohibit banks and lending  
118 institutions from offering accounts as described in Code Section 7-9-4 prior to the effective  
119 date of this chapter.

120 50-38-6.

121 Checks or electronic transfers or payments drawn on pre-1965 silver accounts, silver eagle  
122 accounts, and gold eagle accounts in accordance with Code Section 7-9-4 shall be deemed  
123 to satisfy the United States Constitution's requirement that payment of obligations by the

124 state be made only in gold or silver coin and shall be deemed to satisfy the requirement of  
125 Code Section 50-38-3 for payment of obligations owed to the state."

126 **SECTION 4.**

127 This Act shall become effective one year following its approval by the Governor or upon its  
128 becoming law without such approval.

129 **SECTION 5.**

130 All laws and parts of laws in conflict with this Act are repealed.