

House Bill 3

By: Representative Franklin of the 43rd

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.