

## Gold and Silver as Legal Tender: A Study Guide

### Quiz Answers

1. What is the primary mission of Citizens for Sound Money?

Citizens for Sound Money is a 501(c)(4) organization dedicated to promoting sound money principles, particularly the use of gold and silver as legal tender. Their mission includes protecting citizens' rights to use sound money through legislative advocacy and public education.

2. Why did Citizens for Sound Money identify Florida as a top priority state for legal tender legislation?

Florida was prioritized because of its significant political influence, size, and the favorable legislative environment. The state already has a gold and silver bullion exemption from sales tax, making it strategically positioned to become a national leader in sound money legislation.

3. What was the main roadblock to the Sound Money Act in the Florida Senate last year?

The Sound Money Act faced a procedural barrier when the Senate Banking and Insurance Committee refused to hear the bill. This committee, often influenced by the financial industry and special interests, acted as a gatekeeper to block its progress.

4. According to the source, who are the three key individuals in every state legislature that hold significant power over which bills pass?

The three key individuals are the Senate President, the Speaker of the House, and the Appropriations Chair. These leaders control the legislative calendar and committee assignments, giving them immense influence over a bill's trajectory.

5. What does the quote "money is the mother's milk of politics" signify in the context of lobbying for financial issues?

This quote emphasizes the reality that campaign contributions and financial support are essential to gaining political influence. In the context of sound money legislation, it highlights the need to financially support lawmakers or causes to counteract the pressure from well-funded special interests.

6. How does making gold and silver legal tender reclassify them and what legal protection does this provide?

Making gold and silver legal tender reclassifies them from commodities to official forms of state-recognized currency. This provides protection under certain federal tax codes, such as IRC 408 subsection M, potentially exempting them from capital gains taxes when used in transactions.

7. What is a significant concern regarding the physical bullion that would be considered legal tender under the Florida bill (HB99) as currently written?

A major concern is the lack of clear custodianship requirements, raising questions about who would securely store and manage the physical bullion. Without clear guidelines, there is potential for fraud or mismanagement of citizens' gold and silver.

8. When is the Florida gold and silver legal tender bill (HB99) currently scheduled to go into effect, and what is a key step required before then?

HB99 is scheduled to take effect on July 1, 2025, contingent on the establishment of a state regulatory framework. Before this date, the Florida Office of Financial Regulation must draft and finalize the rules overseeing gold and silver custodians and transactions.

9. What is the purpose of the regulatory framework established by the Florida bill for gold and silver companies?

The framework aims to protect consumers and ensure transparency by regulating companies that handle, store, or transact gold and silver as legal tender. It sets standards for licensing, audits, insurance, and operational conduct to prevent abuse and maintain trust in the system.

10. How does the IRS code potentially benefit Floridians and residents of other states with similar legislation once gold and silver are made legal tender at the state level?

According to the source, once gold and silver are made legal tender, transactions using them may no longer trigger federal capital gains taxes, due to provisions in the IRC. This could create a tax-advantaged environment for citizens using these metals in daily commerce or savings.

## Essay Questions

Essay 1: Challenges and Strategies in Advocating for Financial Legislation like Legal Tender for Gold and Silver

Advocating for financial legislation such as making gold and silver legal tender presents numerous

challenges, primarily due to the entrenched influence of special interests, including the banking and credit industries. These groups often see sound money as a threat to fiat currency dominance and profit mechanisms reliant on inflationary monetary policy. Moreover, state legislatures are heavily influenced by powerful committee chairs and legislative leaders, who act as gatekeepers, controlling which bills receive hearings or votes.

To overcome these obstacles, advocacy groups like Citizens for Sound Money employ a dual strategy of grassroots and financial lobbying. Grassroots efforts mobilize public opinion, encouraging constituents to pressure legislators directly through calls, emails, and town hall participation. This method builds awareness and creates political risk for ignoring the will of the people. Complementing this, financial lobbying provides campaign contributions and political support to key legislators, helping counter the financial influence of corporate lobbies. These strategies are often deployed simultaneously to maximize pressure and ensure that sound money bills, like HB99, receive consideration despite opposition from entrenched interests.

## Essay 2: Key Provisions and Compromises of the Florida Sound Money Act (HB99)

The Florida Sound Money Act (HB99) seeks to establish gold and silver as legal tender, reclassifying them from commodities to recognized currency within the state. One of the bill's key provisions is the creation of a regulatory framework overseen by the Office of Financial Regulation. This framework establishes guidelines for gold and silver custodians, licensing requirements, audits, and insurance, ensuring consumer protection and institutional accountability.

A significant compromise in HB99 is its delayed implementation until July 1, 2025, giving regulators time to establish necessary rules and infrastructure. While this allows for careful planning, it also creates a window during which opponents could attempt to derail the process. A noted drawback is the bill's lack of explicit clarification regarding physical bullion storage and custodianship, which critics argue could create risks for fraud or mismanagement. Nevertheless, the bill offers considerable benefits, including potential tax advantages for Floridians using gold and silver in transactions, aligning with IRC 408 provisions that could shield such transactions from capital gains taxes.

## Essay 3: Legislative Strategies in Florida vs. Missouri for Advancing Sound Money Legislation

Florida and Missouri have employed distinct legislative strategies to advance sound money legislation, each tailored to their political environments. In Florida, the strategy involves incremental progress and regulatory compromises to ease concerns of the financial lobby. The focus has been on working within the existing political structure by engaging key committee chairs, using grassroots mobilization, and applying financial lobbying pressure to gain access and influence.

In contrast, Missouri's approach included a "stroke of genius" by embedding sound money provisions directly into an unrelated bill with broader legislative support. This strategic maneuver allowed the Constitutional Money Act to bypass certain gatekeepers and proceed more efficiently through the legislative process. Missouri's tactic reflects a more aggressive, creative legislative approach, exploiting procedural tools to advance sound money goals, while Florida's method has been more methodical, balancing stakeholder concerns with advocacy momentum.

#### Essay 4: Distinction Between Legal Tender Status and Compulsory Acceptance of Gold and Silver

Making gold and silver legal tender simply means that they are recognized as valid forms of payment by law, giving individuals and businesses the option to accept them without making their acceptance mandatory. This distinction is critical because compulsory acceptance would force businesses and individuals to transact in metals regardless of their preference or logistical capabilities, potentially causing disruption in commerce. By making gold and silver legal tender but not mandatory, the law promotes the use of sound money organically, allowing market participants to voluntarily adopt it based on trust and demand. This approach fosters gradual adoption, protects free market choice, and avoids alienating businesses unprepared to handle physical bullion, ensuring that the transition to sound money is practical and sustainable.

#### Essay 5: The Role of Grassroots and Financial Lobbying in the Sound Money Movement

The sound money movement relies on both grassroots and financial lobbying, each playing a distinct role depending on the political context and stage of the legislative process. Grassroots lobbying is most effective in the early stages, mobilizing the public to create political pressure and make sound money a visible issue for legislators. It ensures that elected officials are aware of constituent support, creating accountability and building a narrative of public demand.

Financial lobbying becomes crucial when dealing with high-level legislative leaders and committees where access is often dictated by financial contributions. Organizations like Citizens for Sound Money utilize both approaches strategically, using grassroots efforts to build mass support while engaging in financial lobbying to secure influence among key power brokers. This two-pronged approach allows the movement to overcome the dominance of special interests and navigate complex legislative systems more effectively.