



**Testimony of Jp Cortez, Sound Money Defense League
To the Kansas House Committee on Taxation
In Support of House Bill 2421, Removing Sales Taxation from Monetary Metals**

I offer my testimony today in support of the measure before you now, House Bill 2421. This bill removes taxation on the exchange of Federal Reserve Notes – commonly referred to as “dollars” – for constitutional money, i.e. gold, silver, and other monetary metals.

To elucidate the nature of this form of taxation and the importance of its removal, I ask you to consider the following scenario:

Imagine if you asked a grocery clerk to break a \$5 bill and he or she charged you a 20-cent tax. Surely, we can all agree that this would be ridiculous. After all, you were only exchanging one form of money for another.

But that’s essentially what the Kansas sales tax on monetary metals does. By removing the sales tax on the exchange of dollars for the monetary metals, Kansas would appropriately treat gold, silver, platinum, and palladium as money instead of a consumer good.

The passage of HB 2421 would, in a small but symbolically important way, reaffirm the role of gold and silver, per Article 1 Section 10 of the U.S. Constitution, as legal tender.

Furthermore, passage of this measure would follow the lead of more than two-thirds of all U.S. states who have recognized that it is wrong to assess a tax on precious metals purchases for several reasons. These states are already enjoying the benefits of such a policy which Kansas can and should adopt as well.

First, policies that discourage precious metals ownership reduce the likelihood that Kansans will take steps to insulate themselves from the inflation and financial turmoil that flows from the Federal Reserve System.

By issuing unbacked Federal Reserve Notes, savers in those “dollars” have lost, and will continue to lose, significant purchasing power over time. Holding savings in gold and silver -- the only money mentioned in the United States Constitution -- is an effective way to protect purchasing power.

This is a problem that needs to be addressed immediately. The U.S. Federal Reserve Note is relatively weak and continues to weaken as time goes on. Currency charts show the strength of the dollar continuing to fall precipitously relative to the British Pound, Japanese Yen, the Euro, and other major currencies. Citizens need to be able to protect themselves from currency debasement now more than ever. Passage of HB 2421 removes an obstacle standing in the way of Kansans doing that.

Second, purchasers of precious metals coins, bars, and rounds are not “consuming” them, making the notion of assessing a sales and/or use tax invalid. Precious metals purchasers are really holding these metals for resale or exchange, like an investment or currency.

And third, removing Kansas’s sales tax from precious metals will benefit in-state businesses who are currently losing sales to out-of-state precious metals dealers. Investors won’t want to pay, for example, \$87.75 in sales taxes on a \$1,350 purchase of a one-ounce gold bar. It’s a competitive marketplace, so buyers will simply go online or leave the state to purchase gold and silver investments from out-of-state businesses, thereby undermining Kansas jobs and state income tax revenues.

By voting yes on HB 2421, you will be following an example set by more than 35 states across the United States, honoring the only form of money mentioned in the U.S. Constitution, helping businesses in the state of Kansas, and lowering the tax burden on your constituents.

That’s why on behalf of the Sound Money Defense League and our 5,000 supporters in Kansas – as well as on behalf of savers and wage-earners in general across the state -- I strongly urge you to vote yes on House Bill 2421.

Thank you for your time and consideration.

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