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SB303, Hearing in the Senate Federal and State Affairs Committee
SB303 proponent, with written and oral testimony
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Introduction: A Brief Background of The Kansas Legal Tender Act.

The Kansas Legal Tender Act was written by Kansas Campaign for Liberty, and was first introduced in the Kansas House in the 2019-2020 session, where the sales tax exemption on certain precious metals was passed. It was edited to incorporate that fact, and introduced again in the 2021-2022 session. In 2023 it has been introduced in both the Kansas House (HB2405) and Kansas Senate.

SB303 Defines Gold and Silver - Real Money – as Legal Tender

The US Constitution requires that the states establish only gold and silver based currency as legal tender. Article 1 Section 10 of the U. S. Constitution states: *No state shall... make any Thing but gold and silver Coin a Tender in Payment of Debts...*

Kansas must do what is required by the US Constitution. That, alone, should suffice as reason for passing this bill.

There are also very sound and timeless reasons why gold and silver should be the only legal tender in our state and our country. The founders of this country warned us of the danger of “cheap” money not backed by gold or silver, i.e. the Federal Reserve’s fiat currency, to our economy in general, to our well-being and security, especially that of our poor and middle class, and to our moral values both individually and collectively.

Consider just these two quotes from our founders regarding the perils of paper currency:

- “Paper money ... will ... ruin commerce, oppress the honest, and open the door to every species of fraud and injustice.”- George Washington to Thomas Jefferson on Aug. 1, 1786. (from “Founders: No Fans of Paper Currency”, Deroy Murdock, July 1, 2011, NationalReview.com)
- Paper currency is “in its nature, pregnant with abuses, and liable to be made the engine of imposition and fraud; holding out temptations

equally pernicious to the integrity of government and to the morals of the people.”- Alexander Hamilton, America’s first Treasury secretary (from “Founders: No Fans of Paper Currency”, Deroy Murdock, July 1, 2011, NationalReview.com)

We see today that our founders were correct, as the Federal Reserve’s fiat currency causes staggering national debt, inflation, and frequent boom and bust cycles in stocks and real estate.

Just to be clear, our national debt could not be at the current staggering level if sound money – gold and silver - were the only legal tender. Also, long term “inflation”, or loss in purchasing power, is not possible with sound money. Only a currency that can be created out of thin air causes these problems.

If we look at the US Debt vs GDP ratio presented at the end of this testimony and found at <https://www.longtermtrends.net/us-debt-to-gdp/>, we see that from 1820 to the Civil War the ratio was below 10% and often nearly 0%, and when the Fed was created in 1913 this ratio was again below 10% but has never been below 10% again. Furthermore, the current debt/GDP ratio of well over 100% exceeds that during WWII.

SB303 Exempts Gold and Silver from all Taxes, Helping Kansas Consumers and Businesses

Kansas businesses dealing in precious metals, whether as coins or bullion, are at a significant disadvantage because Kansas imposes capital gains taxes on transactions in precious metals.

Some might claim that this bill will cause a reduction in tax revenues due to the proposed exemption from capital gains taxes and personal property taxes. At least as likely is that this bill will produce new tax revenues in Kansas when revenues increase to Kansas businesses dealing in gold and silver bullion and coin. These revenues also mean more income and jobs in Kansas.

Furthermore, this bill is the first step toward allowing sound money physical reserve banking in Kansas. This is not a pipe dream, as it there are sound money banks in at least one other state. An entirely new industry would also bring more revenues, income, and jobs to Kansas.

Fiat currency destroys the purchasing power of most Kansans through inflation, and this harms the typical Kansas taxpayer much more than any small loss in capital gains tax revenues to the Kansas treasury.

SB303 is the First Step Toward Sound Money Banking in Kansas.

As mentioned before, sound money banking is already taking place in at least one other state, and would not only protect Kansans from inflation, but can also protect Kansans from the central bank digital currency, the invasive use of ESG scores to enforce behavior, and other federal overreach.

SB303 Technical Questions or Issues:

- **SB303 makes transactions in specie voluntary.** For example, SB303 prohibits any person or government from demanding that a debt be paid in silver coins at face value!
- **SB303 declares coins minted in US mints to be legal tender, and allows for other coins to also be declared legal tender by the courts. It does NOT declare ALL gold and silver coins, bars, and such legal tender.** SB303 was written to NOT declare coins not minted in US government mints as legal tender, while leaving open the opportunity for the courts to do so.
- **SB303 does NOT ban the fiat dollar in Kansas!** While doing so might be constitutional, it would not be prudent. SB303 is designed to give Kansans a choice.

SB303 restores gold and silver coin as legal tender in Kansas, as required by the US Constitution. It will help Kansas businesses and their customers by exempting transactions in legal tender from all forms of taxation. Finally, SB303 limits the tax exemptions to only those precious metals which are allowed to serve as legal tender according to the Constitution.

I urge you to pass SB303 out of this committee with recommendation for passage by the Kansas Legislature.

(Government) Total Public Debt / GDP Ratio



Zoom 10y 30y 50y 80y 100y All

Dec 31, 1789 → Sep 30, 2022

