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HOUSE BILL 2542

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State of Washington

63rd Legislature

2014 Regular Session

By Representatives Condotta, Shea, Overstreet, and Taylor

Read first time 01/20/14. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to establishing the constitutional currency  
2 restoration act; adding a new chapter to Title 43 RCW; and providing an  
3 effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** FINDINGS AND INTENT. (1) The legislature  
6 finds that Washington state is out of compliance with the letter and  
7 intent of the United States Constitution. The legislature further  
8 finds that to secure property rights and ensure a truly free market  
9 economy, sound money is essential. Specifically:

10 (a) The currency system emplaced by the founding fathers in the  
11 federal coinage act of 1792 was based on a United States dollar defined  
12 as 371.25 grains (Troy) of fine silver;

13 (b) Gold and silver-backed currency retains earned wealth in the  
14 hands of the people and has provided civil societies with a fair,  
15 honest, and reliable medium of exchange for over six thousand years;

16 (c) Gold and silver-backed currency decentralizes power in the free  
17 market system and inherently prevents the centralization of economic  
18 control by the government and the ability of government to confiscate  
19 earned wealth through the hidden tax of inflation;

1 (d) Gold and silver-backed currency provides competition in the  
2 currency marketplace and provides greater security to the people of  
3 Washington state in protecting their property and other assets from the  
4 hidden tax of inflation;

5 (e) The absence of gold and silver-backed currency wrongly exposes  
6 citizens such as the elderly and those on fixed incomes, domestic  
7 businesses, and other residents of Washington state to the chronic  
8 depreciation of the legal tender fiat money federal reserve note and  
9 significant losses in purchasing power that amounts to the incremental  
10 confiscation of private property without compensation;

11 (f) The general government is in violation of Article I, section 8  
12 of the United States Constitution by emitting bills of credit through  
13 the federal reserve bank, a power not specifically enumerated and  
14 specifically excluded by vote during the constitutional convention of  
15 1787;

16 (g) The general government was not given the constitutional  
17 authority to create legal tender laws as attested by the fact the  
18 affirmative grant of legal tender power was voted down nine to two  
19 during the constitutional convention of 1787 accompanied by the  
20 following footnote from James Madison's *The Debates in the Federal*  
21 *Convention of 1787* "This vote in the affirmative by Virga. was  
22 occasioned by the acquiescence of Mr. Madison who became satisfied that  
23 striking out the words would . . . only cut off the pretext for a paper  
24 currency, and particularly for making the bills a tender either for  
25 public or private debts";

26 (h) Washington state is required to recognize gold and silver as  
27 legal tender under Article I, section 10, of the United States  
28 Constitution which states "no state shall . . .; make anything but gold  
29 and silver Coin a Tender in Payment of Debts . . .";

30 (i) The state of Washington is in no way impairing contracts  
31 through this act but rather providing the optional use the  
32 constitutionally recognized currency of gold and silver coin;

33 (j) Washington state is required by the fifth amendment to the  
34 United States Constitution and Article I, section 3, of the state  
35 Constitution to protect the property of its citizens from wrongful  
36 seizure of property without due process and compensation;

37 (k) Washington state is required by Article I, section 10, of the

1 United States Constitution and Article I, section 23, of the state  
2 Constitution not to impair the contracts of its citizens such as those  
3 provided by a bona fide precious metals liquidator;

4 (1) The general government has failed to properly regulate the  
5 value and fix the standard weights and measures of coin as required by  
6 Article I, section 8, clause 5 of the United States Constitution  
7 therefore creating the disability of undervaluation and effectively  
8 removing gold and silver from the market as a currency; and

9 (m) The general government has created the disability of taxation  
10 when combined with undervaluation has caused the constitutionally  
11 recognized currency of gold and silver coin to be driven from the  
12 market thereby depriving the several states of the power to provide  
13 their citizens the constitutional currency having long-term value.

14 (2) It is the intent of the legislature that gold and silver be  
15 recognized and used as legal tender in the same manner as federal  
16 reserve notes for the purposes of taxation. The legislature intends to  
17 provide the use of gold and silver as a choice and does not intend to  
18 compel a person to tender or accept gold or silver. It is the further  
19 intent of the legislature to exercise its constitutional authority and  
20 recognize gold and silver coins, precious metal liquidation systems and  
21 contracts as an alternative competing currency.

22 NEW SECTION. **Sec. 2.** SHORT TITLE. This chapter may be known and  
23 cited as the constitutional currency restoration act.

24 NEW SECTION. **Sec. 3.** DEFINITIONS. "Precious metal liquidator"  
25 for purposes of this chapter is any entity that:

26 (1) Has an established precious metals business in good standing  
27 with all state and local agencies;

28 (2) Has a one hundred percent reserve in clients' precious metals  
29 holdings;

30 (3) Has full coverage insurance against loss of any client's  
31 precious metals holdings;

32 (4) Does not commingle funds from other holding accounts; and

33 (5) Conducts regular independent third-party audits to confirm the  
34 above procedures are followed.

1        NEW SECTION.        **Sec. 4.**        MONETIZATION.        Pursuant to monetary  
2 authority expressly reserved to Washington state in Article I, section  
3 10 of the United States Constitution, the following is recognized as  
4 legal tender:

5            (1) Federal specie gold and silver coin at any time issued by the  
6 general government of the United States of America; and

7            (2) Transactions by a precious metal liquidator backed by gold and  
8 silver of any size or shape marked by any refiner recognized by the  
9 Chicago mercantile exchange.

10        NEW SECTION.        **Sec. 5.**        FAIR MARKET VALUE OF GOLD AND SILVER USED AS  
11 CURRENCY.        (1) The state treasurer shall establish a fair market value  
12 for coins of gold and silver by posting the most recent Chicago  
13 mercantile exchange closing price of the day preceding for the  
14 respective metal on the state treasurer's web site.

15            (2) In the event of a bona fide declared emergency according to RCW  
16 43.06.210 where the Chicago mercantile exchange closing price is  
17 unavailable, the state treasurer shall determine the fair market value  
18 of the respective metal for the length of the emergency declaration or  
19 the reopening of the Chicago mercantile exchange, whichever is sooner,  
20 to be posted by averaging the fair market value of the respective metal  
21 as determined by the three largest dealers by trade volume for the  
22 prior year, geographically located within the boundaries of the state  
23 of Washington. For an emergency declaration longer than thirty days  
24 where the Chicago mercantile exchange is also still closed, the fair  
25 market value of the respective metal must be ratified by an affirmative  
26 vote of both houses of the legislature.

27        NEW SECTION.        **Sec. 6.**        USE OF GOLD AND SILVER IS VOLUNTARY.        (1)  
28 The use of gold and silver is strictly voluntary and no person or  
29 entity may compel any other person or nongovernmental entity to accept  
30 gold and silver as legal tender.

31            (2) The treasurer of the state of Washington, The Washington state  
32 department of revenue, and the treasurers of the several counties of  
33 the state of Washington must accept gold and silver in payment of  
34 tender of all debts.

35            (3) This chapter may not be used to impair contractual obligations,  
36 and, except in the case of governmentally assessed taxes, fees, duties,

1 imposts, dues, penalties, or sanctions, neither the government nor any  
2 of its branches, agencies, subdivisions, or instrumentalities may  
3 compel payment in any particular form of legal tender inconsistent with  
4 the express written or verbal agreement of transacting parties thereby  
5 frustrating the parties' manifest intent and impairing their  
6 contractual obligations.

7 (4) The extent and composition of a person's monetary holdings,  
8 including those on deposit with any financial institution located  
9 within the boundaries of the state of Washington, are not subject to  
10 disclosure, search, or seizure, except upon strict adherence to due  
11 process safeguards without exception, including but not limited to:

12 (a) Issuance of a lawful warrant or writ by a judicial officer  
13 citing the county within which such holdings exist;

14 (b) Pursuant to an adequate showing of probable cause with respect  
15 to the particular person or entity in question; and

16 (c) A warrant or writ being executed under the authority of the  
17 duly elected sheriff of such county.

18 NEW SECTION. **Sec. 7.** This chapter applies to taxes and fees  
19 imposed on or after January 1, 2015.

20 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act constitute  
21 a new chapter in Title 43 RCW.

22 NEW SECTION. **Sec. 9.** If any provision of this act or its  
23 application to any person or circumstance is held invalid, the  
24 remainder of the act or the application of the provision to other  
25 persons or circumstances is not affected.

26 NEW SECTION. **Sec. 10.** This act takes effect January 1, 2015.

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