

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
95th General Assembly
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As Engrossed: H4/2/25

A Bill

HOUSE BILL 1918

By: Representative McAlindon

By: Senators J. Dotson, C. Penzo, M. McKee

For An Act To Be Entitled

AN ACT TO AMEND THE LAW CONCERNING SPECIE OR LEGAL TENDER; TO AUTHORIZE THE USE OF A BULLION DEPOSITORY; TO ALLOW FOR A PRECIOUS METALS-BACKED ELECTRONIC SYSTEM; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE LAW CONCERNING SPECIE OR LEGAL TENDER; TO AUTHORIZE THE USE OF A BULLION DEPOSITORY; AND TO ALLOW FOR A PRECIOUS METALS-BACKED ELECTRONIC SYSTEM.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 4-56-106 is amended to read as follows:
4-56-106. Specie or legal tender – Definitions.

(a) As used in this section:

(1) "Bullion" means refined precious gold or silver metal bullion or any shape or form as adopted by rule of the Chief Fiscal Officer of the State that is valued primarily based on its metal content and not on its form or function;

(2) "Bullion depository" means an entity providing vault facilities within the United States for the storage of bullion that:

(A) Is accredited by the London Bullion Market Association for storage of bullion;

(B) Complies with the prescribed London Bullion Market Association best practice guidelines for the storage of bullion; and



(C) Has a contractual relationship to provide vault services to hold and receive deposits of specie or legal tender for an authorized precious metals-backed electronic payment system vendor;

(3) "Legal tender" means a recognized medium of exchange for the payment of debts and taxes; and

(4) "Precious metals-backed electronic payment system" means an electronic payment system that:

(A) Uses bullion held in a bullion depository as backing for electronic transactions;

(B) Allows for the redemption of bullion by electronic payment system participants;

(C) Enables the account holder to make payments to a participating vendor; and

(D) Is an entity authorized and approved by the Chief Fiscal Officer of the State to provide an account that holds bullion and allows account holders to buy, sell, save, or spend bullion as a form of currency;

~~(2)~~(5) "Specie" means:

(A) Coin having gold or silver content; or

(B) Refined gold or silver bullion Bullion that is:

~~(i) Coined~~ coined, stamped, or imprinted with its weight and purity; ~~and~~

~~(ii) Valued primarily based on its metal content and not its form;~~

(6) "State or local government" means:

(A) A county;

(B) A city of the first class, a city of the second class, or an incorporated town; or

(C) Any other state entity or political subdivision of the state or an agency, board, or commission of the state entity or political subdivision of the state; and

(7)(A) "Transactional gold and silver" means a representation of physical gold, silver, specie, or bullion that:

(i) May be transferred through electronic or written instruction through a transaction by the owner of the specie; and

(ii) Is fully redeemable as physical gold, silver,

specie, or bullion.

(B) The representation of physical gold, silver, specie, or bullion under subdivision (7)(A) of this section shall reflect the exact units of physical gold, silver, specie, or bullion in its fractional troy ounce measurement or grams.

(b) Specie or legal tender shall consist of:

- (1) Specie coin issued by the United States Government; or
- (2) Other specie that an Arkansas court rules to be within state authority to make or designate as legal tender.

(c) Specie or legal tender shall not be characterized as personal property for taxation or regulatory purposes.

(d)(1) The exchange of one (1) type or form of legal tender for another type or form of legal tender shall not give rise to any tax liability.

(2) The purchase, sale, or exchange of any type or form of specie shall not give rise to any tax liability.

(e) Unless specifically provided by law or by contract, a person shall not compel another person to tender specie or to accept specie as legal tender.

(f) The Attorney General's office shall enforce this section without prejudice to a private right of action.

(g) If a valid contract expressly designates a type or form of specie as tender, then an Arkansas court asked to adjudicate the breach of such a contract shall require, as a remedy for the breach, the specific performance of tendering the type or form of specie specified in the contract.

~~(h) Specie may be recognized to pay debts~~ Specie or legal tender may be recognized to pay private debts, taxes, and fees levied by the state or local government if the state or local government agrees to payment with physical gold or silver.

(i)(1) The Chief Fiscal Officer of the State shall promulgate rules to implement and administer this section.

(2) The rules promulgated under subdivision (i)(1) of this section shall include without limitation:

(A)(i) The ability of a vendor to elect payment for goods or services from a precious metals-backed electronic payment system participant to be in either bullion or dollars at no additional cost to the

vendor.

(ii) The conversion of bullion into the dollar equivalent shall be based on the terms agreed upon by the parties and provide for the acceptance of specie, legal tender, or dollars as payment for any public debt, tax, fee, or obligation owed at the option of the vendor;

(B) The security of the transactional gold and silver;

(C) That all account costs, conversion fees, or other cost associated with the transactional gold and silver account remain with the precious metals-backed electronic payment system participant, the provider of the precious metals-backed electronic payment system, and the bullion depository, as agreed to between them under a contract;

(D) Determining the sufficiency of the specie held by bullion depositories authorized in the state of their physical location;

(E) Authorizing and approving precious metals-backed electronic system vendors to do business within this state; and

(F) Fraud prevention.

/s/McAlindon