

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1690 Session of  
2011

INTRODUCED BY CREIGHTON, BARBIN, DENLINGER, GEIST, GINGRICH,  
LAWRENCE, MURT, RAPP, SWANGER AND TALLMAN, JUNE 17, 2011

REFERRED TO COMMITTEE ON FINANCE, JUNE 17, 2011

AN ACT

1 Relating to legal tender.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Legal Tender  
6 Act.

7 Section 2. Definitions.

8 The following words and phrases when used in this act shall  
9 have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Capital gain transaction." A transaction that results in a  
12 short-term capital gain or long-term capital gain as defined in  
13 Section 1222 of the Internal Revenue Code of 1986 (Public Law  
14 99-514, 26 U.S.C. § 1222).

15 "Gold and silver coin." A gold and silver coin issued and  
16 deemed legal tender by the Federal Government.

17 Section 3. Legal tender.

1 (a) General rule.--Gold and silver coins shall be considered  
2 legal tender in this Commonwealth.

3 (b) Prohibited activity.--A person shall not compel any  
4 other person to tender or accept gold and silver coin that is  
5 issued and deemed legal tender by the Federal Government.

6 Section 4. Sales tax exemption.

7 The exchange of gold and silver coins issued and deemed legal  
8 tender by the Federal Government for another form of legal  
9 tender shall be exempt from taxation under Article II of the act  
10 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of  
11 1971.

12 Section 5. Tax credit.

13 (a) General rule.--A nonrefundable credit is established for  
14 capital gains incurred from the exchange of gold and silver  
15 coins issued and deemed legal tender by the Federal Government  
16 for other forms of legal tender. For taxable years beginning on  
17 or after December 31, 2011, a claimant, estate or trust may  
18 claim the credit, which shall be equal to 5% of the total amount  
19 of the short-term capital gains and long-term capital gains of  
20 exchanges for the applicable time period.

21 (b) No carryforward or carryback.--Neither carryforward nor  
22 carryback of tax credits under this section shall be permitted.

23 Section 6. Study.

24 The Legislative Budget and Finance Committee shall conduct a  
25 study concerning the feasibility of establishing an alternative  
26 form of legal tender for payment of debts, public charges, taxes  
27 and dues within this Commonwealth which, at a minimum, shall  
28 recommend whether legislation should be drafted to establish an  
29 alternative form of legal tender.

30 Section 7. Severability clause.

1       The provisions of this act are severable. If a section of  
2 this act or application thereof to any person or circumstance is  
3 declared invalid by final decision of a court of competent  
4 jurisdiction, the remainder of this act shall be given effect  
5 without reference to the invalid section or application.

6 Section 8.   Effective date.

7       This act shall take in 60 days.