



Written by [Alex Newman](#) on May 4, 2013

Outcry After GOP Arizona Gov. Brewer Vetoes Gold and Silver Bill

Despite [overwhelming support among lawmakers and activists](#), Republican Gov. Jan Brewer vetoed legislation that would have made Arizona the [second state to officially define gold and silver as legal tender](#). The GOP governor acknowledged that concerns over the increasingly unstable U.S. dollar were justified. However, citing a minuscule projected drop in tax revenue and other trivial excuses, Brewer refused to support the popular bill. Activists are now hoping lawmakers will try to override the governor.



In an [open letter](#) about the veto of [SB 1439](#) to Arizona Senate President Andy Biggs, the governor claimed that alleged “administrative and fiscal burdens” for taxpayers and the state revenue department “remain vague.” In addition, Brewer cited an example of her supposed confusion, claiming it was “unclear” whether the measure would have required Arizona to exempt income tax related to a transaction with collectible coins or currency originally authorized by Congress and used as legal tender.

“This would result in lost revenue to the state, while giving businesses that buy and sell collectable coins or currency originally authorized by Congress an unfair tax advantage,” Brewer wrote in explaining her controversial decision, which sparked an outcry among [conservatives](#) and [sound-money advocates](#). Despite the supposed worry over “lost revenue,” however, experts said the legislation was unlikely to have any significant impact on the state budget — especially not if, as critics of the bill alleged, few people were interested in using sound money anyway.

Still, Brewer did suggest that she understood growing nationwide fears surrounding the [Federal Reserve System](#), [inflation](#), and wild federal spending. “While I believe the concern over a devalued dollar as a result of an unsustainable federal deficit is justified, I am unable to support this legislation,” she wrote. “I believe the provisions in this legislation need to be more carefully examined and there should be prior coordination with those government agencies tasked with oversight of these transactions.”

It was not immediately clear whether the governor would be willing to reconsider supporting the bill if the provisions were “more carefully examined.” As *The New American* [reported](#) last month, in an effort to soften opposition from the Brewer administration’s revenue bureaucrats, the Arizona House of Representatives added an amendment specifically stating that authorities would not be forced to accept gold or silver. Apparently that was not enough.

Under the legislation, which received widespread support from economists, lawmakers, and grassroots activists, precious metals would have been treated like debt-based fiat currency for taxation and regulation purposes. Unlike the [privately owned Federal Reserve’s currency](#), however, nobody would



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have been forced to accept gold or silver against their will.

“Legal tender is money and is not subject to taxation or regulation as property other than money,” the bill stated. “Notwithstanding any other law, the exchange of one form of legal tender for another does not give rise to liability for any type of tax.” In other words, if the legislation had been signed into law, trading depreciating Federal Reserve notes for gold or silver money would no longer be taxed.

The original Senate bill would also have allowed citizens to pay state taxes in any form of money, including precious metals. Responding to concerns and opposition from the state Department of Revenue, however, the House [added an amendment](#) striking that provision, which was approved by the state Senate before the bill was sent to Gov. Brewer and vetoed.

After the veto, activists who worked hard to get the legislation through the legislature expressed a mixture of disillusion and outrage. Among other concerns, sound-money advocates alleged that Gov. Brewer had violated her oath of office to the U.S. Constitution by ignoring Article I, Section 10, giving Congress the power to coin money — not [a private cartel of bankers known as the Federal Reserve](#). The Constitution also prohibits state governments from making anything other than gold or silver into legal tender.

Critics of the veto also noted that continuing to tax federally minted gold and silver coins used in commerce — already recognized as legal tender by the federal government — is the equivalent of taxing legal money, presenting a significant hurdle to those who want to rely less on depreciating Federal Reserve notes. In the event of serious inflation or even hyperinflation, which even establishment economists and political leaders now admit is a very real prospect thanks to the Fed’s wild “monetary policy,” citizens would be left without any real alternative, too.

Lawmakers who supported the bill emphasized that the public was overwhelmingly behind it. Republican state Rep. Steve Smith, for example, told the Associated Press that the people of Arizona see the value in legalizing the use of gold and silver as money. “This is the type of currency we have had over the history of mankind,” Rep. Smith explained. During debate in the state Senate, the chamber’s president, Republican Sen. Andy Biggs, outlined the choices bluntly: “You either have fiat currency which continues to inflate, which is what we have today, or you have something backing up that currency.”

The coalition of experts, economists, liberty-minded lawmakers, Tea Party groups, and grassroots activists that pushed the popular bill through the legislature repeatedly emphasized the importance of preparing for future problems with the Fed’s fiat currency as well. Economist and money manager Keith Weiner with the pro-sound money Gold Standard Institute, for example, told the House Committee on Financial Institutions that the current debt-based monetary system is “a recipe for worldwide bankruptcy.”

“Paper money is a debt ... the debt itself can never go away, it just accumulates,” Weiner explained, offering a brief background on how fiat currencies today are loaned out with impossible-to-pay interest attached. “In the case of the dollar, the dollar is a debt to the Federal Reserve, so what this means is that the debt has been rising exponentially since 1971 when President Nixon took the last steps to eliminate the gold standard.”

Activists echoed those concerns, saying it was time for Arizona to [join Utah](#) and other states pursuing similar efforts in preparing for the worst. Chairman Miles Lester with Arizona Constitutional Advocates, a pro-sound money organization that helped advance the bill through both houses, told *The New*



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American in a phone interview that his state needed to get ready for the looming problems with fiat currency that are already being felt.

“You know, with what is happening with the dollar, and with the Fed, we really need to start building life-boats — even U-boats — to prepare for the coming tsunami,” he said. “We’ve got one in Utah, and we may be able to get one here in our state, but what we really need is 50 — one for every state — to prepare for what’s coming with the American dollar.... It’s easy to see where this is heading and we need to start getting ready now, before it hits.”

In the wake of the veto, activists are hoping that state lawmakers, who supported the bill by a broad margin, will try to override Gov. Brewer’s veto. Overriding it would require a two-thirds majority vote in each house; the numbers are almost there, though not quite. Proponents note that there is increasingly fierce opposition to unbacked paper currencies issued by private central banks. Meanwhile, gold and silver, which have been considered money for thousands of years, are [soaring in popularity](#). Numerous other states are working to enact sound money laws, and activists hope the trend will continue as the fiat dollar continues to lose value.

With 2013 marking the 100th anniversary of the creation of the deeply controversial Federal Reserve System, sound-money activists and constitutionalists also hope that the increasing awareness and outrage surrounding the private, secretive central bank will continue to build. Already there is unprecedented fury about the Fed’s policies — outrage that stirred debates and legislation in Congress and state legislatures around America even as the central bank fought back. While Gov. Brewer may have slowed progress toward sound money in Arizona, proponents say the battle is far from finished.

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