

HOUSE FINANCE COMMITTEE  
April 17, 2023  
3:01 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 3:01 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair  
Representative Neal Foster, Co-Chair  
Representative DeLena Johnson, Co-Chair  
Representative Julie Coulombe  
Representative Mike Cronk  
Representative Alyse Galvin  
Representative Sara Hannan  
Representative Andy Josephson  
Representative Dan Ortiz  
Representative Will Stapp  
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Representative Kevin McCabe, Sponsor; JP Cortez, Policy Director, Sound Money Defense; Representative George Rauscher, Sponsor; Ryan McKee, Staff, Representative George Rauscher.

SUMMARY

HB 3 GOLD AND SILVER SPECIE AS LEGAL TENDER

HB 3 was HEARD and HELD in committee for further consideration.

HB 83 CITIZEN ADVISORY COMM ON FEDERAL AREAS

HB 83 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda. He noted the meeting would be expedited due to an upcoming meeting with the governor.

#hb3

HOUSE BILL NO. 3

"An Act relating to specie as legal tender in the state; and relating to borough and city sales and use taxes on specie."

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REPRESENTATIVE KEVIN MCCABE, SPONSOR, gave a brief introduction to HB 3. He read from the sponsor statement (copy on file) as follows:

The purpose of HB 3 is to recognize Alaska's constitutional duty, power and right under Section 10, Article I, of the United States Constitution, and the Tenth Amendment of the United States Constitution to make gold and silver legal tender in the payment of debt.

HB 3 will secure the rights of citizens of this state under the Ninth and Tenth Amendments of the United States Constitution to tender gold and silver in the payment of a debt should the merchant or payee agree to accept it.

This bill will bring Alaska into full compliance with the United States Constitution with the policies, practices, and procedures of this State with respect to the use of gold, silver, and specie as legal tender in the payment of debt.

Representative McCabe added that 12 other states had already passed similar legislation to accept gold and silver coins as legal tender. Tennessee had passed its legal tender bill in the current year and Missouri and Minnesota would be soon hearing a version of the legislation. As of 2022, there were 42 states that had removed some or all of the taxes from the purchase of gold

and silver. He continued reading from the sponsor statement:

This bill will preserve, protect, and promote the state and its economic security, safety, health, and welfare of the people of this state; and protect this state and its citizens in the acquisition and possession of gold and silver and their use as legal tender in the payment of debt.

Representative McCabe noted that his office was working on a modification to Article 5, Subparagraph C of the bill. The section tasked the House Finance Committee with studying the possibility of establishing additional forms of legal tender for various expenses, and the change would move that responsibility to the Legislative Budget and Audit Committee (LB&A). The change was suggested by Representative Hannan in the prior year and he agreed that LB&A would be better suited for the job. He concluded his comments and offered to

Co-Chair Foster suggested that the invited testifier speak on the bill.

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JP CORTEZ, POLICY DIRECTOR, SOUND MONEY DEFENSE, thanked the committee for hearing HB 3 and stated his support for the bill. He understood that Alaska did not charge a sales tax on purchases of goods, but boroughs and municipalities occasionally chose to charge a sales tax. He thought that sales taxes discouraged Alaskans who wished to own gold and silver to protect their savings at a time of record high inflation. The bill would ensure that there were no taxes or disincentives to prevent Alaskans from owning the precious metals. He reiterated that the bill would also put Alaska in compliance with the U.S. Constitution.

Mr. Cortez continued that one of the reasons that the bill was important was because investments were not typically subject to sales tax. There were 42 states that had active legislation to eliminate sales taxes from precious metals and reaffirm gold and silver as legal tender. He relayed that there was currently a similar bill on the Mississippi governor's desk and once signed, it would make Mississippi the forty-third state to pass similar legislation. He added that Missouri and Arkansas also had bills to reaffirm gold

and silver as legal tender and the bills were anticipated to pass within the following week. In 2023, there were 25 states that had introduced similar legislation to either remove taxes from the purchase or from the sale of metals. He indicated that HB 3 would also allow the state treasurer to invest state funds in physical holdings to establish in-state depositories. He thanked the committee for its time.

Co-Chair Foster reminded the committee that there was a meeting with the governor in 21 minutes and he planned to spend 15 minutes on each of the bills on the agenda.

Representative Josephson understood that Alaska was already in compliance with the US Constitution; however, the system to use gold and silver was simply not in place. It was an option for the state, but the state was not in non-compliance by not engaging in the system. He asked Mr. Cortez if his understanding was accurate.

Mr. Cortez responded that Representative Josephson's understanding was accurate. He indicated that one could make the argument that taxes or impediments on using gold and silver as legal tender were in opposition to the spirit of the U.S. Constitution.

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Representative Ortiz asked if any other states had begun to use gold and silver in normal transactions. He wondered if it had created any confusion in the business world.

Mr. Cortez responded that some states had begun to use the system. He emphasized that there was no obligation and businesses could choose to accept or decline gold and silver as a form of currency. There were businesses in other states and countries that had decided to accept gold backs as currency.

Representative Ortiz asked why there was a recent push to establish the system in the current year as opposed to beginning the process years ago.

Mr. Cortez responded that the world was in an unprecedented monetary period. Advocates of gold financing had been predicting that a time of high inflation would inevitably arrive, and it had. He opined that paper money had been an experiment for decades and that state treasurers,

investment groups, and citizens were "waking up" to the realization that "paper money is just that" and it was not as established as gold and silver.

Representative Stapp asked if capital gains would be applicable if an individual were to purchase gold or silver and sell it for profit in a year's time.

Mr. Cortez responded that federal gains would be applicable but there would be no applicable state taxes because Alaska did not have a state income tax.

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Representative Galvin asked how many decades paper money had been an experiment.

Mr. Cortez responded it had been five decades, starting in 1971.

Representative Galvin stated her understanding that Mr. Cortez thought that the world needed to "wake up" to the gold and silver standard. She was also hearing from young people that the world needed to wake up to the idea that money was abstract and could be traded online. There seemed to be a wide spectrum as to how money was viewed. She wondered what the advantages would be to returning to the gold and silver standard as opposed to using cryptocurrency and other online monies.

Mr. Cortez responded that prior to 1971, barring the years during which the country was involved in a world war, there was no inflation. He thought official inflation numbers in the present day were close to 7 percent. Individuals on hourly wages, individuals with fixed incomes, and retirees were most harmed by inflation. It was difficult to make long-term plans when the economic environment was unstable. He opined that it was easier to make long-term plans when one could rely on a stable unit of currency that was not being manipulated.

Representative Galvin asked for a description of the difference between the price of oil changing, the price of gold changing, and the inflationary costs of goods. She was trying to understand his argument that gold bars would eradicate inflation.

Mr. Cortez responded that from 1931 to 1971, there was a floating exchange rate. Prior to 1931, the traditional gold standard required that a dollar be attached to a fixed amount of gold. There was a period of nearly 100 years where there was no inflation in the United States. He acknowledged that there was some movement in the price of gold as it was a global market and one of the most liquid markets in existence. Silver was a production metal and was used in jewelry, cars, and other technologies and there were industrial reasons for the movement of silver. The difference between gold and silver was that gold was not necessarily traded as an industrial metal.

Mr. Cortez continued that there were certain countries that were stockpiling the available gold supply to bolster the countries' treasuries. It was difficult for individuals to trade commodities such as oil, but gold and silver were generally uniform assets regardless of one's background and nationality. He indicated that gold was a universal trading instrument and had a fixed quantity in addition to a longstanding history of stability. He thought it was important that gold was mentioned in the U.S. Constitution. He concluded that for the reasons mentioned, gold should be placed in a different category than other commodities.

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Co-Chair Foster asked if Mr. Cortez would be available online as a resource for future committee meetings on the bill.

Mr. Cortez responded that he would be available.

HB 3 was HEARD and HELD in committee for further consideration.

#hb83

HOUSE BILL NO. 83

"An Act reestablishing the Citizens' Advisory Commission on Federal Management Areas in Alaska; and providing for an effective date."

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REPRESENTATIVE GEORGE RAUSCHER, SPONSOR, thanked the committee for hearing HB 83. He read the sponsor statement (copy on file):

House Bill 83 reestablishes the Citizens' Advisory Commission on Federal Management Areas in Alaska (CACFA), which sunset in 2021, and sets a new sunset date of June 30, 2031. The Commission is made up of 10 public members, one Senator, and one Representative who represent "the diversity of users and uses of federal land in the state" and are appointed by the Governor and Legislature.

CACFA was first established in 1981, shortly after Congress passed the Alaska National Interest Lands Conservation Act (ANILCA) – comprehensive legislation governing all federal public lands in the state. Under the balanced compromise Congress crafted in ANILCA, 104+ million acres (on top of the ~100 million acres already set aside) were set-aside in permanent federal ownership as conservation system units (e.g., parks, preserves, wildlife refuges, wilderness areas) while at the same time enabling Alaskan's to maintain their traditions, accommodate the social and economic needs of the state, provide a range of land-use and land access rights, safeguard opportunities for responsible resource development, and facilitate continued improvements in transportation and utility infrastructure. The provisions of ANILCA plus those of the Alaska Statehood Act and the Alaska Native Claims Settlement Act (ANCSA) mean that most Alaskans are regulated under a unique and extremely complex regulatory web.

For the decades that CACFA operated, it was an independent and impartial source of information and center for advocacy on Statehood, ANCSA, and ANILCA issues that impact all Alaskans. CACFA helps Alaskans navigate complex regulations and works with federal agencies to ensure Congressional intent is implemented with respect to Alaska's interests. Among many things, the Commission holds hearings to collect public comment on decisions that affect them; disseminates information about historical and new regulations to the public, the Executive branch, and the Legislature; monitors the Federal Register and regularly submits written comment in response to actions that affect

Alaska; and helps Alaskans navigate federal permitting processes.

While the State's ANILCA program and CACFA both monitor federal actions, CACFA is the only entity that represents the views of Alaskan citizens concerning federal land management plans within the state.

The last state audit conducted in 2020 concluded that "there is a continuing public need for the commission." As time passes, institutional memory and ANILCA expertise is lost at both the federal and state level. An active CACFA is critical to ensure that this critical knowledge is preserved, remains accessible to Alaskans, and can be used to defend Alaska. Furthermore, without CACFA, there is no organized center through which individuals can channel their concerns to the higher levels of government making important land use decisions that impact them. CACFA is an essential tool to ensure that Alaskans have a strong and powerful voice in what happens in our state.

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RYAN MCKEE, STAFF, REPRESENTATIVE GEORGE RAUSCHER, read the sectional analysis (copy on file):

Sec 1. - Amends AS 44.66.010(a) creating new subsection (15) reestablishing the Citizens Advisory Commission on Federal Management Areas in Alaska, setting a new sunset date of June 30, 2031.

Sec 2. - Amends AS 44.66.010(a), technical change: Removes subsection (10) where CACFA's previous sunset date (June 30, 2021) was listed.

Sec 3. - Incorporates transition language to the uncodified law of Alaska establishing the initial term lengths of new appointments to the commission. Thereafter, the term limits outlined in the Commission's statute will take effect.

Sec 4. - Sets an effective date of July 1, 2023.

Mr. McKee added that [legislative auditor] Ms. Kris Curtis was available online to answer any questions regarding the 2020 audit mentioned in the sponsor statement.

Co-Chair Foster thought the bill might seem complicated and he was aware that there was a lot of background information involved in the legislation. For example, Serpentine Hot Springs in Nome were difficult to access because it was located within [Bering Land Bridge] National Park and all-terrain vehicles were not allowed in the area. Elders in particular had been experiencing difficulty accessing the springs and historically, elders had visited the springs frequently. He relayed that CACFA would allow the opening of trails that fell under [federal] Revised Statute (RS) 2477, which were historical trails used by miners, travelers, and villagers, among others. One of the concerns he had heard was that CACFA might make private lands vulnerable to unwanted visitors, but his understanding was that CACFA only aimed to open federal lands, such as national parks.

Representative Josephson thought the concerns about RS 2477 conflicts were valid. He had done research on the Klutina Lake dispute in Wrangel and there were profound concerns about the potential impacts of opening federal lands. His main concern was that CACFA had a narrow perspective. The Board of Game was entirely appointed by the governor and Title 16 required that the governor appointment members with reference to the diversity of users; however, he did not think the requirement was being satisfied. On the Department of Fish and Game's website, there was a video on how to extradite a dog from a trap. He asked how an individual dog owner who would like to avoid a similar situation while walking on federal lands would have a voice through CACFA. He thought that such an individual's voice would be too small to be heard amid the federal outcry. He wondered how the quiet user, such as the cross country skier, dog walker, or backpacker, would have a voice under CACFA.

Representative Rauscher responded that the quiet user would have an opportunity to be heard under the bill and that it was part of the purpose of CACFA. He thought that an individual could always bring their concerns to CACFA and that CACFA would make a determination. However, the decision might not always be made in the individual's favor.

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Co-Chair Foster reviewed the agenda for the following day's meeting.

HB 83 was HEARD and HELD in committee for further consideration.

#  
ADJOURNMENT

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The meeting was adjourned at 3:33 p.m.