

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

25-0679.1

HB 721, *relative to establishing gold and silver as legal tender.*

Commerce and Consumers Affairs

This bill establishes gold and silver as legal tender.

The proposed legislation would create new chapter RSA 5-E, titled “New Hampshire Legal tender Act.”

Proposed RSA 5-E:1 would make gold or silver in coin or bar form legal tender for all transactions public and private in this state but only if buyer and seller agree on the fair market value of the gold or silver. Due to the agreement requirement, DRA assumes that it could choose to accept but would not be required to accept gold or silver in payment of taxes.

Proposed RSA 5-E:2 would provide that a person may possess any amount of gold or silver in coin or bar form.

Proposed RSA 5-E:3 would make the provisions of Chapter 5-E severable for purposes of validity and enforceability.

The proposed legislation would be effective July 1, 2025.

DRA would be responsible for updating all necessary tax forms and electronic management systems related to this proposed legislation, which would not result in any additional administrative costs that could not be absorbed in the DRA operating budget.

Should the use of gold or silver become common enough to warrant its use by DRA, the DRA would expect to incur additional expense to handle special legal tender in the form of gold and silver at that time, such as for essential security items like armored car transportation for deposits of tax and updates to secure rooms holding gold and silver. The DRA is unable to predict the prevalence of future tax payments that it might agree could be paid in gold and silver. As such, the DRA is unable to determine the timing or cost of installing such added security measures.

The DRA assumes that the effect of declaring gold or silver in coin or bar form to be legal tender would be that exchange transactions would not be subject to taxation under the Business Profits Tax (BPT.) As these transactions are treated as gains and losses for federal tax purposes and for BPT under current law, this could result in an indeterminable decrease in revenues. However, the DRA is unable to determine the magnitude or frequency of such conversions to estimate a potential fiscal impact.

The proposed legislation may also have administrative implications for DRA in cases where combined tax returns are utilized, but business units within the combined group utilize different legal tender and keep separate types of accounting. Additionally, business units that strategically

control the timing of the conversion of their gold or silver coin or bar to US Dollars (USD) could make it more difficult to obtain an accurate picture of their other business activities during the taxable period.