

SESSION OF 2025

SUPPLEMENTAL NOTE ON SENATE BILL NO. 39

As Amended by Senate Committee of the Whole

Brief*

SB 39, as amended, would establish the Kansas Legal Tender Act and provide an income tax subtraction modification for gains from the sale of certain forms of gold and silver.

The bill would define “specie” as gold and silver coin or refined gold or silver bullion coined, stamped, or imprinted with its weight and purity and valued primarily based on its metal content. Specie would be considered legal tender in Kansas if issued as a coin by the U.S. government at any time or is otherwise ruled to be within state authority to be designated as such by a court of competent jurisdiction.

Recognized legal tender and specie would be exempt from being characterized as personal property for taxation and regulatory purposes and the exchange of legal tender and sale, purchase, or exchange of specie would not give rise to tax liability of any kind. The exemption would not apply to taxable distributions from retirement plan accounts holding specie.

The bill would create a subtraction modification for Kansas income tax, beginning tax year 2025, allowing a taxpayer to subtract the amount of any net gain from the sale of specie from federal adjusted gross income, excluding the sale of specie as a taxable distribution from a retirement plan in which it is held.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

Unless expressly provided by statute or by contract, no person would have the right to compel any other person to tender specie or to accept specie as tender, and the bill would also specify specie legal tender could be transacted, transmitted, or exchanged by physical or electronic means subject to rules and regulations promulgated under the Kansas Money Transmitter Act.

The bill would require the Attorney General to enforce the Act without any prejudice to any private right of action and require Kansas courts to require specific performance as a remedy for breach of any contract designating a type or form of specie as tender.

Background

The bill was introduced by the Committee on Federal and State Affairs at the request of Senator Murphy.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Senator Murphy and representatives of Freeman Global Investment Counsel, Kansas Campaign for Liberty, and National Security Investment Consultant Institute. The proponents generally stated gold and silver have historically been considered valid mediums of exchange, should be treated as valid legal tender, and should not be taxed for their use as such.

Written-only proponent testimony was provided by a representative of Citizens for Sound Money.

No other testimony was provided.

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to authorize digital transactions, transmissions, or exchanges involving specie legal tender.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates the subtraction modification provided for by the bill would decrease State General Fund revenues by approximately \$200,000 per year beginning in FY 2026.

The Attorney General's Office indicates that if enforcement of the bill would require hiring of a 1.00 FTE investigator position to review matters related to the Act, it would require \$74,245 from the State General Fund in FY 2026.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Kansas Legal Tender Act; legal tender; gold coin; silver coin; specie; income tax; personal property