

**Draft Research
Plan:**

**The Feasibility of Creating a State Gold Depository in
Tennessee**

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Deputy Executive Director Initial: Date:
Approval:

Executive Director Approval: Initial: Date:

Purpose:

To study the feasibility of creating a state gold depository.

Background:

Texas is the first and only state that has created a state-administered bullion depository. In 2015, Texas enacted legislation establishing the Texas Bullion Depository as an agency in the office of the comptroller to “serve as the custodian, guardian, and administrator of certain bullion and specie that may be transferred to or otherwise acquired by this state or an agency, a political subdivision, or another instrumentality of this state.” The depository was subsequently constructed and received its first deposits in 2018. Although the comptroller provides direct oversight, the depository is owned

and operated by a private entity. To encourage deposits by making it more attractive to buy and store gold, Texas in 2019 exempted exchanges of gold and silver bullion and coins from its sales tax and amended its constitution to preempt local governments from applying property tax to bullion and coins.

Based on the possibility of creating a bullion depository in Tennessee like the one in Texas, the General Assembly passed Public Chapter 585, Acts of 2021, which directs TACIR to study the feasibility of creating a state gold depository, including whether other states or jurisdictions have created one. Unlike Texas, Tennessee does apply its sales tax to exchanges of gold and silver bullion and coins, which could make it less attractive to purchase and store gold in Tennessee. This is especially true in the wake of the 2018 US Supreme Court decision *South Dakota v. Wayfair*, which enabled states to require out-of-state sellers to collect and remit sales tax. Like Texas, Tennessee does not apply personal property taxes to gold and silver bullion and coins.

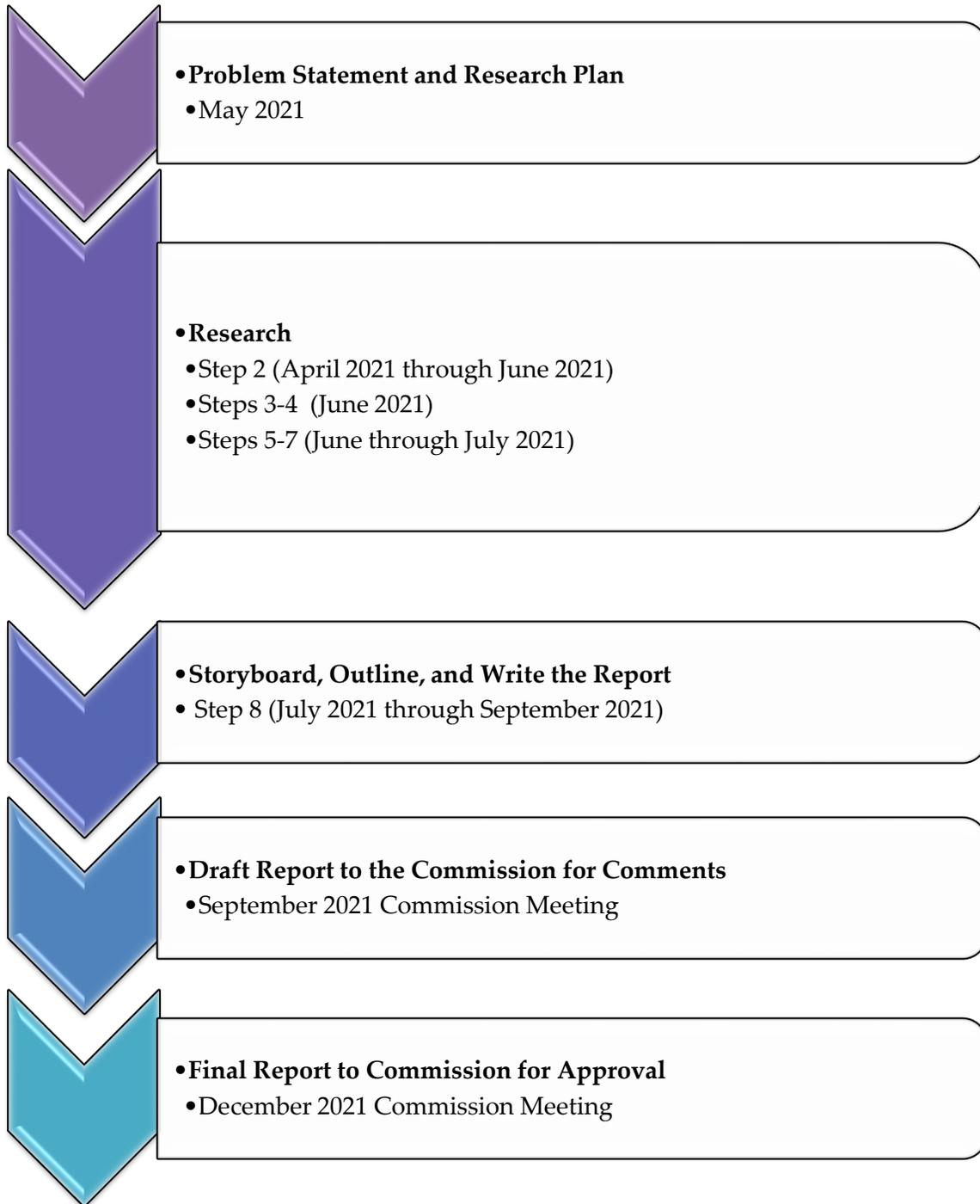
Step 1. Define the Problem

Those wishing to store gold or precious metals in Tennessee may desire storage options that are accessible to them, have oversight, are insured or otherwise protected from financial risk, and that may provide certain services such as facilitating transactions based on the value of deposits in storage. Tennessee may be a less attractive location to purchase and store gold because of its existing tax structure relative to other states.

Step 2. Assemble Some Evidence

- Interview bill sponsors
 - Representative Bud Hulseby
 - Senator Paul Rose
- Interview other stakeholders to determine what is driving this issue, including
 - Tennessee Department of the Treasury
 - Tennessee Comptroller of the Treasury
 - Tennessee Department of Revenue
 - Internal Revenue Service
 - Tennessee Bankers Association

- Subject matter experts and authors (e.g. David Parsley, professor of economics and finance at Vanderbilt University)
- Review Tennessee's statutes and regulations relevant to a gold depository.
- Review past bills meant to address this issue, including committee hearings on those bills and the fiscal notes.
- Review existing laws and regulations of other states and how other states have evaluated a gold depository.
- Review relevant federal statutes and regulations.
- Review relevant literature.
- Gather relevant data sets, including statistics related to existing gold depositories, inflation projections for the US dollar, precious metal investments held by Tennesseans, and the investments held or managed by the Tennessee Department of the Treasury or state-affiliated entities





State of Tennessee

PUBLIC CHAPTER NO. 585

SENATE BILL NO. 279

By Rose

Substituted for: House Bill No. 353

By Hulsey, Gary Hicks

AN ACT to amend Tennessee Code Annotated, Title 4; Title 8; Title 9; Title 12; Title 45; Title 47; Title 48; Title 56 and Title 67, relative to a gold depository.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The Tennessee advisory commission on intergovernmental relations (TACIR) shall, within existing resources, study the feasibility of creating a state gold depository, including whether other states or jurisdictions have created a gold depository. TACIR shall report its findings and recommendations to the speaker of the senate, the speaker of the house of representatives, and the legislative librarian no later than January 1, 2022.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 279

PASSED: May 4, 2021


RANDY McNALLY
SPEAKER OF THE SENATE


CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 27th day of May 2021


BILL LEE, GOVERNOR