

**LEGISLATIVE SERVICES AGENCY**  
**OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**  
**FISCAL IMPACT STATEMENT**

**LS 6859**

**BILL NUMBER:** HB 1227

**NOTE PREPARED:** Jan 1, 2026

**BILL AMENDED:**

**SUBJECT:** Designation of Gold and Silver as Legal Tender.

**FIRST AUTHOR:** Rep. Lindauer

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Bullion Depositories* - This bill requires the Treasurer of State (treasurer) to designate one or more established bullion depositories to provide a secure location for the storage of bullion by Indiana consumers. It requires the Treasurer to engage an electronic payment system to oversee transactional and administrative procedures on behalf of consumers holding bullion depository accounts in a designated bullion depository. It provides that a consumer may establish a bullion depository account with a designated bullion depository by entering into a depository agreement with the bullion depository. It provides that a designated bullion depository qualifies as a state depository and is eligible to receive public funds of: (1) the state; or (2) a political subdivision; on deposit. It provides that each designated bullion depository must be audited by an independent third party auditor on an annual basis.

The bill requires the treasurer to provide to the members of the General Assembly on an annual basis a report concerning the operations and financial status of each designated bullion depository. It provides that the treasurer shall: (1) adopt guidelines; (2) designate one or more bullion depositories; and (3) engage an electronic payment system; not later than December 31, 2027.

*Tax Exemption* - The bill provides that bullion is not subject to assessment and taxation under Indiana's property tax statute. It provides that the exchange of one type or form of legal tender for another type or form of legal tender is exempt from the state gross retail tax. It provides that the purchase, sale, or exchange of any type of specie is exempt from the state gross retail tax.

*Legal Tender* - The bill also provides that specie is recognized as legal tender in Indiana. It provides that except as otherwise specifically provided by law or contract, a person may not compel any other person to tender or accept specie as legal tender. It provides that a prevailing party in an action for breach of any contract provision that expressly designates a type or form of specie as legal tender is entitled to specific performance of the contract provision.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** *Bullion Depositories*: The Treasurer's workload will increase to do

the following:

- (1) engage an electronic payment system to oversee the transactions and administrative procedures on behalf of consumers holding accounts;
- (2) designate one or more established bullion depositories to provide a secure location for the storage of consumer bullion;
- (3) ensure each designated bullion depository is audited annually by an independent third party auditor;
- (4) provide the General Assembly with an annual report regarding the operations and financial status of each depository; and
- (5) designate one or depositories and engage with an electronic payment system no later than December 31, 2027.

The bill's requirements represent an additional workload on the agency outside of the agency's routine administrative functions, and existing staffing and resource levels, if currently being used to capacity, may be insufficient for full implementation.

*Legal Tender:* A state agency would incur additional costs if it chose to accept specie legal tender or electronic currency for certain transactions. The initial investment in the necessary resources would likely be significant.

**Explanation of State Revenues:** *Tax Exemption:* This provision expands the existing sales tax exemption on certain coins and bullion to include all specie. It will decrease sales tax collections by an indeterminable but likely significant amount. It is unknown how much additional products would be purchased that do not currently qualify for the existing exemption, but the existing exemption is estimated to reduce annual collections by about \$6.8 M. [Sales tax revenue is deposited in the General Fund (99.838%), Commuter Rail Service Fund (0.131%), and Industrial Rail Service Fund (0.031%).]

The bill also exempts exchanging one type or form of legal tender for another type of legal tender. It could reduce sales tax collections depending on whether the tangible goods involved in the transaction would have qualified under the existing definition of legal tender. The bill defines legal tender as a recognized medium of exchange for the payment of debts, taxes, fees, or any other obligation.

**Explanation of Local Expenditures:** *Legal Tender:* A local unit would incur additional costs if it chose to accept specie legal tender or electronic currency for certain transactions. The initial investment in the necessary resources would likely be significant.

**Explanation of Local Revenues:** *Tax Exemption:* This provision should have no impact on property tax collections.

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:** 2024 Tax Expenditure Review,  
[https://iga.in.gov/publications/tax\\_expenditure\\_report/2024%20Tax%20Expenditure%20Review%20FINAL.pdf](https://iga.in.gov/publications/tax_expenditure_report/2024%20Tax%20Expenditure%20Review%20FINAL.pdf).

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