

March 28th, 2023

To: **Senator Grohoski, Representative Perry, and Distinguished Members of the Joint Standing Committee on Taxation**

From: **Alex McMahan**
Lewiston, Maine 04240

Subject: Support of LD 1051

I'm here today to testify in support of LD 1051.

In the year 1860, you could buy 5 dozen free range eggs for one dollar. Today, it takes you \$7 to buy 1 dozen. Just four years ago, eggs were about \$1.50 a dozen. Our dollar has proved to be a terrible store of value. One gold ounce, to the contrary, will buy you about 350 loaves of bread today, exactly as much bread as it would have bought you in 400 B.C. under the reign of King Nebuchadnezzar.

Money is a medium of exchange, and because of that it is also a good store of value.

Nowadays, people buy gold and silver coins and bullion primarily to store the value they have earned in a medium of exchange that is safer and more reliable than storing it in dollars. They are not buying an expendable product they will use, they are simply trading in bad money for good money. Anybody familiar with Gresham's law knows that bad money drives good money out of the market and into personal savings, which is why precious metal purchasing has gone through the roof as the endless money printing in Washington continues to devalue our dollar by the day.

Throughout the entirety of human history, up until the gold standard from 1815-1914, through the gold exchange standard from 1926-1931, through the Bretton Woods and the new gold exchange standard from 1945-1971, currency was *always* either made of a commodity or directly tied to a commodity, albeit loosely in the later years of government meddling.

Therefore, based on the principles developed since humanity evolved from simple barter to the marvelous instrument of indirect exchange thousands of years ago up until the end of the gold standard just 50 years ago, money is a commodity **first and foremost**. Money is not an abstract unit of account or medium of exchange. It is not a useless token only good for exchanging, nor a claim on society. That would be *currency*. Money is and *has to be* a commodity. Dollars aren't money. Dollars are currency.

All this is to say: **gold and silver are more qualified to be called money than the US dollar.**

Which looks more like money to you? A dollar bill? Or gold?

I don't pay sales tax when I exchange US dollars for Canadian dollars, or Canadian dollars for US, or pounds, euros or pesos. I do, however, pay sales tax when I exchange US dollars for precious metals, the historically most sound money and currency of them all.

Sales tax on money is unethical, especially when our dollar is so unstable. The US dollar decreased in value by over 96% from the creation of the central bank in 1913 to 2019. **It lost another 14% of its value from 2020 to the beginning 2022.** How much value did it lose in the rest of 2022? We all see the prices at the grocery store. How much value will it lose between now and 2030? 2050 when I might retire? 2115 when my grandkids might retire? That's if there's any semblance of our financial system left by then.

The surge in popularity of cryptocurrency and precious metals in recent years is no coincidence. It represents a mass loss of faith in our system. People are looking for money to use and to store their value in that is not at risk of being printed by the trillions at the whim of a system that looks no further than right in front of their face. Unless anyone in the Maine legislature has any strings you can pull at the Federal Reserve right now, the best thing you can do is to remove barriers and costs from the people that can read the writing that's been on the wall for over a century that dollars are not and never have been a better money than gold. The State should not be making a profit from those that are choosing a financial system that has stood the test of thousands of years and has proven beyond a shadow of a doubt to host less risk: precious metal coins and bullion.

The only thing I would add to this bill is an amendment to include platinum and palladium. Show Maine citizens that you care about our future financial security and end the taxation of precious metals.

Respectfully,

A handwritten signature in black ink, appearing to read 'Alex McMahan', written over a faint, light-colored outline of the state of Maine.

Alex McMahan