

Support For House Bill 1183 – State Investment in Gold

My name is Jp Cortez and I am the executive director of the Sound Money Defense League. Thank you for the opportunity to testify before the committee today.

The rampant inflation facing Americans today is largely a federal problem, but North Dakota doesn't have to sit idly by while citizens and the state itself bear the consequences of a broken monetary system.

That's why I strongly urge you to House Bill 1183.

House Bill 1183 would call for the Treasurer to acquire gold and silver to help secure state funds against the risks of inflation, debt default, and financial turmoil and/or to achieve capital gains as measured in devaluing Federal Reserve notes.

North Dakota currently holds billions of dollars, but these funds are almost exclusively stuck in low-yielding debt paper – such as below investment grade fixed income, emerging world investments, treasuries, and other cash equivalents. These debt instruments carry many risks – including that of inflation and the steady erosion in the real value of principal, coupled with interest rates that are negative in real terms.

An allocation to physical gold and silver fits squarely within the objective of protecting North Dakota against financial risks and would logically be included in a list of safe investment options. The monetary metals can provide a hedge against inflation, debt default risks, and various market declines – and have historically boosted investment returns while also reducing volatility.

House Bill 1183 bill does not grant new authority to buy stocks, futures contracts, or other financial instruments – it is limited to the safest manner of gaining exposure to gold and silver, i.e. via direct ownership of physical metals, held without counterparty risk, and stored inside a secure, qualified facility as determined by the state treasurer.

Central banks worldwide have been acquiring gold at record rates over the last few years. Most recently, the state of Utah approved a purchase of \$180 million of physical gold.

Meanwhile, other states have taken steps in the past to secure their state finances with gold (Texas and Ohio).

And gold reserve bills are under consideration right now in Wyoming, Oklahoma, New Hampshire, Indiana, Missouri, and more.

HB 1183 further asks the Treasurer to present additional legislative proposals this Fall after conducting a study “*analyzing the role of precious metals in augmenting, stabilizing, and ensuring the economic security and prosperity of the state, the families and residents of the state, and businesses in the state.*”

North Dakota can – and should -- protect state reserve funds from the ravages of inflation, debt, and financial turmoil by enabling the treasurer to hold gold.

For all the reasons above, I strongly urge you to support the creation of the North Dakota Gold Reserve by voting yes on House Bill 1183.