

Local Currency

Bringing a Local Coin to Fairfax:

In economics, the definition of a local currency (in its common usage) is a currency not backed by a national government (and not necessarily “legal tender for all debts”), and intended to trade only in a small area. Advocates of local currency argue that this enables an economically cool region to pull itself up by giving the people living there a medium of exchange that they can use for both services and locally produced goods. The longer a unit of currency stays in a geographical area, the more it changes hands repeatedly, and the more it benefits the local economy. As soon as it is spent in a non-local venue (think Costco or Target), the money leaves the area, and ceases to benefit the local community.

Local currency tends to operate in relatively small geographic regions and encourages money to stay within the community, bettering the lives of community members each time it changes hands. As a tool of fiscal localism, local money units can raise awareness of the state of the local economy, and is especially appealing among those who may be unfamiliar or uncomfortable with traditional bartering. This currency is also referred to as community currency, and is a form of alternative currency or complementary currency. They do not seek to supplant dollars, and are exchangeable for dollars, and transactions normally taxable made with local currency will still generate sales tax.

In essence, the currency proposed for Fairfax (“FairBuck”), would promote the local economy by circulating in our town repeatedly, raising awareness of why money needs to remain in our community, as well as generate funds for local projects. By adapting the model recently followed by the “West Marin Coin”, whereby funding is created that benefits the local community as coins are removed from circulation by tourists or collectors, Fairfax will also benefit from that mechanism. The Fairfax community is well situated to benefit from visitors from outside the area seeing the coin in use, and wanting one as a keepsake, thus removing it from circulation. The face value of the coin (less the cost of minting it) would remain in the community.

At the outset, seed money is needed for the minting of coins and promotion. It is proposed that there be three main stakeholders, namely the Town of Fairfax, Sustainable Fairfax, and the Chamber of Commerce. Each of these entities would have one vote on a FairBuck board formed to manage the currency and attendant policies. Each entity would be entitled to recoup their initial capital plus allocate any surplus funds to community enhancing projects of their choosing. Surplus will naturally accumulate because the cost of minting and managing the coins (or “tokens”) will be approximately one half of the face value of the coins. The policies and management of reserve funds to backup the FairBuck will be established and controlled by the FairBuck board. Additional designs on the rear of the subsequently minted tokens would encourage collection.

Sustainable Fairfax has already committed to funding their third of the seed money, in the amount of \$4000. If the Town of Fairfax and the Chamber of Commerce each fund an equal amount, it will allow for an initial pressing of 10,000 tokens, with a total face value of \$30,000, plus enough money for initial promotion (e.g. materials costs) and a small reserve.

Pictured at right are the two sides of the West Marin coin. Sustainable Fairfax has decided to fund CittaSlow and other localization initiatives in Fairfax with the proceeds generated by it's share. The Chamber of Commerce may well chose to fund improvements to Downtown that would help the business climate, and the Town of Fairfax may well decide to fund other projects that would better the town and community.

