C2: County Currency (CC)

Specification for a demonstration prototype

countycurrency.org

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Contents

1 Name and purpose

C2 (County Currency, **CC**) is a county-issued, transferable claim used as a local means of payment.

It is **government to legal persons**: the county originates CC by immediately honoring payables it will later honor in either USD or as property tax.

This document specifies C2 for a **demonstration prototype** at https://countycurrency.org, using a configured Cyclos ledger and a phone app and/or web face.

2 What C2 is

A unit of CC is:

- issued by the county to a legal person when the county immediately honors an invoice (or equivalent payable) it will later honor in either USD or as property tax;
- immediately spendable among participants in the circuit;
- transferable;
- subject to demurrage;
- tenderable for county property tax;
- optionally convertible, by *that creditor only* and only up to the invoice face, into sovereign currency at the payable's due date.

Property owners who need to settle the levy acquire CC from those who received it. That is the local-currency loop.

The conceptual core requires an approved payable, a treasurer, and a ledger.

3 Actors

County
Approves payables, mints CC, takes CC at par for property tax, may pay sovereign currency under the conversion option, may hold maximum tax dollars saved.

Creditor
A legal person to whom the county owes a payable. Receives CC at once.

Participants
Legal persons who hold and spend CC in the circuit.

Property owners
Must settle the levy in CC or in sovereign currency. Demand for CC at tax time is what makes CC money.

Treasurer
Redemption window: CC at par against property tax; conversion window for the named creditor.

4 Unit

One CC is accounted at par with one unit of the sovereign currency of the taxing jurisdiction (e.g. one USD) for mint, tax tender, and the creditor conversion option.

CC exists on the ledger.

5 Origination

When the county immediately honors an invoice (or other payable) of face F that it will later honor in either USD or as property tax, due at time T:

1. The county records the payable.
2. The county immediately credits the creditor CC_0, where CC_0 is F **grossed up** by demurrage over the interval to T (Section 6).
3. The creditor may spend that CC in the circuit at once.

Minting is for payables the county has approved. That approval is the white-list.

6 Demurrage

CC balances are charged demurrage.

Conversion at T (Section 7) is par of remaining CC for sovereign currency. The CC payment is therefore **in excess of the invoice** by the demurrage over the period to T.

If demurrage is applied so that a held balance decays at rate r,

$$CC_0 = F \cdot e^{rT}$$

or the discrete equivalent used by the ledger. After holding to T, remaining CC $\approx F$, which may be presented for F in sovereign currency.

If the creditor spends the grossed-up CC, later holders bear that demurrage. To convert at T they present CC they still hold or have acquired.

6.1 Rate

In theory the demurrage rate **could** be the yield on 1-year US Treasuries, since the county could invest the maximum tax dollars saved (dollars not disbursed when payables are met in CC) in 1-year Treasuries.

The demonstration may use a configured rate. The 1-year Treasury yield is an admissible reference.

7 Conversion option

At the payable's due date T (e.g. 90 days), **that creditor** may exchange **only that much** CC—up to face F—for sovereign currency.

- The right is personal to the original creditor.
- Presenting CC retires it and pays sovereign currency up to F.
- CC already spent remains in the circuit for spend or tax tender.

If the creditor leaves the option unexercised, the CC remains to be spent or tendered for tax.

8 Tax tender

The treasurer **shall** accept CC at par for county property tax.

CC that continues in circulation is subject to demurrage unless tendered for property tax.

The treasurer's window is what makes CC a county currency.

9 Cap

Outstanding CC is at most collectible property tax.

Conversion quotas outstanding are at most approved payable faces F (the option consumes CC already inside the cap).

Gross issuance CC_0 counts toward the cap.

10 Maximum tax dollars saved

Maximum tax dollars saved are those that the creditor does not redeem at time T.

CC that continues in circulation is subject to demurrage unless tendered for property tax. Demurrage on that CC, or its later tax tender, means the dollars not paid at T are an upper bound, not a locked-in saving.

11 Circulation

Participants transfer CC through the ledger (web and/or phone).

Typical path: county → creditor → local spend → … → property owner → treasurer (tax).

The conversion option is an exit for the original creditor only, at T, capped at F.

12 Implementation (demonstration)

12.1 Ledger

A properly configured **Cyclos** instance (the prototype host already runs Cyclos 4).

Required configuration:

- one CC currency at par with USD;
- mint transfer: county/system → legal person;
- peer transfers among participants;
- tax tender: participant → county/system, tagged as property-tax settlement;
- demurrage as an account fee (or equivalent);
- per-creditor conversion quota: user, face F, opens at T, consumes CC, pays USD off-ledger or via an external-payment record.

12.2 Face

Phone app and/or web, talking to Cyclos (its web UI, mobile app, and/or API).

Minimum demonstration screens:

1. county: approve payable, mint CC_0, see cap;
2. creditor: balance, spend, conversion window;
3. participant: send/receive;
4. property owner: pay levy in CC;
5. treasurer: tax receipts in CC, conversions paid, saved dollars, outstanding CC.

12.3 Host

Public demonstration: `https://countycurrency.org`.

The canonical name of a county circuit is its GEOID (formerly STCOU). The circuit is at `https://countycurrency.org/\{geoid\}`. Natural-language paths (e.g. `/ia/fremont`) are synonyms and resolve to that GEOID.

13 Demonstration scope

The prototype shows the instrument and the loop on a demonstration ledger.

In scope:

- mint on a county payable;
- demurrage and gross-up;
- transfers;
- tax tender at par;
- creditor conversion at T up to F;
- cap display.