

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 682** HLS 13RS 1454
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 3, 2013	10:18 AM	Author: HOLLIS
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Excludes coins and bullion under \$1,000 from sales tax		

TAX/SALES & USE EN DECREASE GF RV See Note Page 1 of 1
 Broadens the sales and use tax exclusion for gold, silver, or numismatic coins, or platinum, gold, or silver bullion

Current law excludes gold, silver, and other numismatic coins as well as gold, silver and platinum bullion from state and local sales tax with a total value over \$1,000.

Proposed law expands the exclusion to gold, silver, and other numismatic coins as well as gold, silver and platinum bullion of any value.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The Revenue Department sales tax system does not track the sales excluded as a result of current law. However, to the extent that sales tax is being remitted on purchases under \$1,000, state and local funds will decrease.

Bullion is typically defined as a coin of a certain weight, such as 1-ounce, 1/2-ounce or even grams (for gold and silver bars), and bullion coins are purchased primarily as an investment while numismatic coins are typically purchased as collectibles primarily valued for their rarity.

Since most bullion purchases are likely made for investment purposes, it is assumed that most bullion sales are already exempt from sales tax due to the \$1,000 value threshold. Numismatic coin purchases under \$1,000 would include purchases made by collectors and is expected to be the type of sale most impacted by this bill, although some small bullion purchases may also be affected. Data concerning these types of sales in the state is not readily available.

However, a similar bill has been proposed in Texas and the Comptrollers Office analyzed its impact based on a survey of firms specializing in these sales combined with a review of the tax files of those firms. That impact was roughly a \$200,000 per year revenue loss to the state. This small Texas loss suggests a small loss to the Louisiana state fisc. Adjusting the Texas estimate from a 6.25% tax rate to Louisiana's 4% rate results in a \$128,000 loss at 4%. Then scaling this figure to the Louisiana population (18% of the TX population) results in a \$23,000 loss. This exercise is not a precise estimate of the Louisiana revenue loss from this bill, and actual losses could exceed the results of this exercise, but it does suggest that the revenue loss is likely to be small, at both the state and local levels.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist