

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 31** SLS 17RS 200
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 30, 2017 5:48 PM	Author: MORRELL
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales Tax Exclusion: Gold, Silver, or Numismatic Coins	

TAX/SALES OR INCREASE GF RV See Note Page 1 of 1
 Specifies that gold, silver, or numismatic coins are excluded from the definition of tangible personal property for the purposes of sales tax only if they are valued based solely on their precious metal content.

Current law provides that tangible personal property excludes gold, silver, or numismatic coins, and platinum, gold or silver bullion for the purposes of sales tax. This exclusion is partially suspended, and a 3% rate is imposed on these transactions until July 1, 2018, at which time these transactions will regain full exclusion.

Proposed law requires that coins be valued solely based on their precious metal content to be excluded from the definition of tangible personal property.

Effective July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Current law provides that sales of gold, silver, or numismatic coins and platinum, gold, or silver bullion are partially excluded from the definition of tangible personal property for the purposes of sales and use tax. A rate of 3% is imposed until July 1, 2018, at which time these purchases will be fully excluded.

Proposed law restricts the transactions to which the exclusion applies. Only purchases where the value of the item is determined strictly by precious metal content will be excluded from the tangible personal property definition.

Relative to current law, this provision will increase the tax rate from 3% to 5% on transactions to which the exclusion would no longer apply until July 1, 2018. It will increase the rate imposed from 0% to 4% for these transactions on or after that date.

The revenue impact in all years will be a revenue increase of unknown size. There is no readily-available data on the subset of purchases to which the exclusion would no longer apply, so an estimate of the revenue gain in any year is not feasible.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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