

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1296

Bill Subtitle: TO CREATE AN EXEMPTION FROM THE SALES AND USE TAX FOR COINS, CURRENCY, AND BULLION.

Basic Change :

Representative Perry

Senator J. Hutchinson

The bill provides a sales and use tax exemption for sales of investment coins and bullion. As defined in the bill, "bullion" includes gold, silver and platinum sold in a bulk state. "Investment coins" eligible for the exemption mean numismatic coins or other forms of money or legal tender manufactured of gold, silver, platinum, palladium or other metal. Products eligible for exemption as "investment coins" must be issued by the United States government or a foreign government and have a fair market value that is greater than the face value of the coin. The proposal would be effective the first day of the calendar quarter after the effective date of the act.

Revenue Impact :

FY14 Tax Decrease

Total Impact to State Revenues - \$1.267 million

[8 Months of Reduced Tax Collections -- 10/1/2013 Effective Date]

- \$.851 million ---State General Revenue (4.5%)
- \$.165 million ---Educational Adequacy (.875% tax)
- \$.095 million ---Property Tax Relief Trust Fund (.5%)
- \$.024 million ---Conservation Tax (.125%)
- \$.095 million ---Highway Fund (.5%)
- \$.0 million ---Educational Excellence Trust Fund
- \$.0 million ---Educational Adequacy (GR transfer)
- \$.025 million ---State Central Services
- \$.013million ---Constitutional Officers

Total Impact to City and County Sales Tax - \$.410 million

FY15 Tax Decrease

Total Impact to State Revenues - \$1.960 million

- \$1.185 million ---State General Revenue (4.5%)
- \$.256 million ---Educational Adequacy (.875% tax)
- \$.146 million ---Property Tax Relief Trust Fund (.5%)
- \$.037 million ---Conservation Tax (.125%)
- \$.146 million ---Highway Fund (.5%)
- \$.120 million ---Educational Excellence Trust Fund
- \$.011 million ---Educational Adequacy (GR transfer)
- \$.039 million ---State Central Services
- \$.020 million ---Constitutional Officers

Total Impact to City and County Sales Tax -\$.635 million

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Taxpayer Impact :

Taxpayers would change their accounting and tax collections systems and processes to discontinue collection of state and local sales tax on sales of bullion and investment coins.

Resources Required :

None

Time Required :

Adequate time is provided for implementation

Procedural Changes :

Education of taxpayer assistance staff personnel of the change in the law and development of rules for implementation of the code revision.

Other Comments :

The Title and Subtitle of the bill reference creating a tax exemption for "currency" as well as coins and bullion. As drafted, the bill does not include language to exempt sales of currency from sales and use taxes.

Page 1, Line 34 - The bill states that nine hundred parts per thousand when referencing purity of bullion is 900%. The referenced should be 90%.

Legal Analysis :

This bill exempts from sales and use tax the gross receipts from sales of investment coins and bullion.

The exemption for sales of bullion is limited to gold, silver, and platinum in a bulk state with a purity of at least 900 parts per 1000.

The exemption for investment coins applies to numismatic coins or other forms of money made of gold, silver, platinum, palladium or other metal issued by the United States government or a foreign government with a fair market value greater than the face value of the coins.

The effective date is the first day of the calendar quarter following the effective date of the act.