

Department of Finance and Administration

Legislative Impact Statement

Bill: SB336

Amendment Number: S1

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

Basic Change :

Sponsor: Sen. M. Johnson & Rep. Haak

Senate Amendment No. 1 --- SB336-S1 (engrossed 4/20/21) clarifies the definitions of "bullion" and "coin or currency" that, to qualify for the exemption from sales and use tax, the bullion, coins, and currency must be used or have been used solely as a medium of exchange, security, or commodity by any state, the United States Government, or a foreign nation.

Original Bill --- Sales and use tax is currently levied on sales of tangible personal property, including currency, coins, and bullion; however, the sale of U.S. currency for face value or less is considered a nontaxable currency exchange. SB336 exempts the sale of coins, currency, and bullion from sales and use tax.

SB336 defines "bullion" as a bar, ingot, or coin manufactured in whole or in part of gold, silver, platinum, or palladium that is used solely as a medium of exchange, security, or commodity by any state, the United States Government, or a foreign nation, and that is sold based on the intrinsic value as a precious metal or collectible item rather than its form or representative value as a medium of exchange.

SB336 defines "coin or currency" as a coin or currency manufactured in whole or in part of gold, silver, other metal, or paper that is used solely as a medium of exchange, security, or commodity by any state, the United States Government, or a foreign nation, and that is sold based on the intrinsic value as a precious metal or collectible item rather than its form or representative value is a medium of exchange. Specifically excluded from the definition of "coin or currency" are coins or currency that have been incorporated into jewelry.

SB336 would become effective on the first day of the calendar quarter following the effective date of the Act, which is anticipated to be October 1, 2021.

Revenue Impact :

FY2022

Total Approximate State Sales and Use Tax Loss **\$ - 766,667**

(Estimated Effective Date 10/1/21 --- 8 months reduced tax collection)

General Revenue - 4.5%	\$ - 514,316
Property Tax Relief - .5%	\$ - 57,146
Conservation Fund - .125%	\$ - 14,287
Educational Adequacy Fund - .875%	\$ - 100,006
Highway Fund - .5%	\$ - 57,146
Educational Excellence Trust Fund -	\$ - .000
Educational Adequacy (GR Transfer) -	\$ - .000
State Central Services -	\$ - 16,100

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Constitutional Officers -	\$ - 7,667
Total Approximate Local City and County Sales and Use Tax Loss	\$ - 255,556

FY2023

Total Approximate State Sales and Use Tax Loss	\$ - 1,150,000
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General Revenue - 4.5%	\$ - 692,320
Property Tax Relief - .5%	\$ - 85,719
Conservation Fund - .125%	\$ - 21,430
Educational Adequacy Fund - .875%	\$ - 150,009
Highway Fund - .5%	\$ - 85,719
Educational Excellence Trust Fund -	\$ - 72,724
Educational Adequacy (GR Transfer) -	\$ - 6,429
State Central Services -	\$ - 24,150
Constitutional Officers -	\$ - 11,500

Total Approximate Local City and County Sales and Use Tax Loss	\$ - 383,333
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Taxpayer Impact :

Sellers of collectible coins, currency, and bullion would no longer collect state and local sales and use taxes on sales of these products.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Updates to the Sales Tax Rules will need to be promulgated.

Other Comments :

None.

Legal Analysis :

None.